

EXHIBIT 4

(PART 2 of 2)

PROBUSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013****16. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS**

| | 2013 RUR'000 | 2012 RUR'000 |
|--|-------------------|-------------------|
| ASSETS | | |
| Debt and other fixed-income instruments | | |
| Government and municipal bonds | | |
| Ministry of Finance RF OFZ-26206 | 5,331,460 | 2,288,341 |
| External bonds of Russian Federation RF-30 | 5,310,365 | 7,120,117 |
| Ministry of Finance RF OFZ-25080 | 5,255,308 | 1,409,298 |
| Ministry of Finance RF OFZ-25076 | 2,839,673 | 1,541,865 |
| External bonds of Russian Federation RF-2018-2 | 2,577,513 | - |
| External bonds of Russian Federation RF-28 | 2,407,760 | 1,789,164 |
| Ministry of Finance RF OFZ-26207 | 1,364,824 | 1,158,466 |
| Ministry of Finance RF OFZ-26209 | 1,210,435 | 676,823 |
| Ministry of Finance RF OFZ-26208 | 1,207,368 | - |
| External bonds of Russian Federation RF-22 | 1,022,075 | - |
| Ministry of Finance RF OFZ-25079 | 964,896 | - |
| External bonds of Russian Federation RF-42 | 957,345 | 174,932 |
| Ministry of Finance RF OFZ-46017 | 803,650 | - |
| Ministry of Finance RF OFZ-26205 | 703,735 | 160,224 |
| Ministry of Finance RF OFZ-26210 | 621,428 | 203,348 |
| USDPE 2015-08 United States Department of the Treasury eurobonds | 527,666 | - |
| Ministry of Finance RF OFZ-46021 | 429,283 | - |
| Ministry of Finance RF OFZ-26210 | 420,708 | - |
| USDPE 2015-03 United States Department of the Treasury eurobonds | 295,088 | - |
| Government bonds of Sverdlov region | 1 | 50,305 |
| Ministry of Finance RF OFZ-46018 | - | 2,655,437 |
| Ministry of Finance RF OFZ-46023 | - | 1,335,102 |
| Ministry of Finance RF OFZ-25071 | - | 239,239 |
| USDPE 2042-1 United States Department of the Treasury eurobonds | - | 314,114 |
| Ministry of Finance RF OFZ-25077 | - | 159,183 |
| Municipal bonds of Samara region 35007 | - | 70,005 |
| Total government and municipal bonds | 34,250,581 | 21,345,963 |
| Debt securities of companies and banks | | |
| GBP Eurobond Finance GBPEE-2017 | 972,134 | - |
| VTB Capital Plc VTBCF-2022 Eurobonds | 911,433 | - |
| SB Capital SA SBCLE-2022 Eurobonds | 638,806 | - |
| VEB Finance Plc VEBFE-2022 Eurobonds | 414,433 | - |
| Federal Grid Finance Ltd bonds FGFLE-2019 | 406,477 | - |
| AHML Finance Limited Eurobonds AHMLE-2018 | 382,665 | - |
| INTER AMERICAN DEVELOPMENT BANK Eurobonds IADBE-2018 | 247,269 | - |
| KREDITANSTALT FUR WIEDERAUFBAU Eurobonds KRFWE-2019 | 223,966 | - |
| NV BANK NEDERLANDSE GEMEENTEN Eurobonds BNGBE-2023 | 219,071 | - |
| Asian Development Bank Eurobonds ASINE-2019 | 162,635 | - |
| BANQUE EUROPEENNE D'INVESTISSEMENT-BE/EIB EIBEE-2015 | 133,571 | - |
| BANQUE EUROPEENNE D'INVESTISSEMENT-BE/EIB EIBEE-2020 | 116,805 | - |
| AICB "Tatfondbank" BO-issue 4 | - | 317,855 |
| OJSC "MDM Bank" (URSA) issue 8 | - | 219,833 |
| Vnesheconombank issue 8 | - | 188,187 |
| Compagnie de Financement Foncier Ciefe 2012 | - | 183,806 |
| Banque Europeenne D'investissement-BE/EIB EIBEE-2016 | - | 124,543 |
| ACB "Rossiyskiy Capital" (OJSC) issue 3 | - | 101,683 |
| "NOMOS BANK" OJSC BO issue 3 | - | 93,321 |
| Vnesheconombank issue 21 | - | 87,299 |
| "NOTA-BANK" (OJSC) issue 1 | - | 51,980 |
| AICB "Tatfondbank" BO-issue 3 | - | 50,562 |
| Other | 3 | 4 |
| Total debt securities of companies and banks | 4,829,268 | 1,419,073 |

PROBUSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

| | 2013 RUR'000 | 2012 RUR'000 |
|---|--------------------|-------------------|
| Equity securities | | |
| Apple Inc. | 1,308,953 | - |
| OJSC RN Holding (TNK PB Holding) | 19,817 | - |
| Mobilniye telesistemy | 4,946 | - |
| Cherepovetskiy MK Severstal | 4,313 | - |
| OJSC Sberbank RF | 41 | 1,223,145 |
| OJSC "Bank VTB" | 10 | 3,483 |
| NOVATEK JSC (GDR) DEUTSCHE BANK TRUST COMPANY | | |
| AMERICAS | - | 1,181,875 |
| OJSC "Rosneft" | - | 512,625 |
| ROSNEFT OJSC (GDR) JPMORGAN CHASE BANK, N.A. | - | 268,798 |
| OJSC "Rostelecom" | - | 9,828 |
| Anadarko Petroleum Corp | - | 1,723 |
| PRUDENTIAL FINANCIAL | - | 1,594 |
| CenturyLink Inc | - | 820 |
| BROADCOM CORP | - | 750 |
| DONNELLEY RR STK | - | 593 |
| CAMERON INTERNATIONAL CORP | - | 576 |
| CHEVRON CORPORATION | - | 485 |
| Pepsico INC | - | 475 |
| COVIDIENT PLC | - | 462 |
| GILEAD SCIENCES | - | 440 |
| Symantec corp. | - | 386 |
| ALCOA INC | - | 387 |
| Bristol-Myers Squibb Co | - | 291 |
| Akamai Technologies Inc | - | 282 |
| CUMMINS INC | - | 273 |
| Oracle Corp | - | 251 |
| Salesforce.com Inc | - | 249 |
| Wells Fargo Bank N.A. San Francisco, USA | - | 227 |
| OJSC "Gazprom" | - | 9 |
| Other | 176 | 2,514 |
| Total equity securities | 1,338,256 | 3,212,541 |
| Derivative financial instruments | | |
| Index contracts | 171,355 | - |
| Foreign currency contracts | 23,672 | 26,285 |
| Securities contracts | 12,951 | 16,388 |
| Other | 1,894 | - |
| Total derivative financial instruments | 209,872 | 42,673 |
| Total financial instruments at fair value through profit or loss | 40,627,977 | 26,020,250 |
| LIABILITIES | | |
| Derivative financial instruments | | |
| Liabilities for sale of securities | (1,311,503) | - |
| Securities contracts | - | (5,908) |
| Foreign currency contracts | (63,065) | (16,198) |
| | (1,374,568) | (22,106) |

As at 31 December 2013 and 2012, financial assets at fair value through profit or loss include Russian Government Federal bonds with nominal interest rates in the range 4.50%-12.75% and maturity in 2014-2042 and 5.63%-12.75% with maturity in 2014-2042, respectively. As at 31 December 2013, and 2012 financial assets at fair value through profit or loss include debt securities of companies and banks with nominal interest rates in the range 1.38%-8.60% with maturity in 2015-2023 and 1.38%-12.25% with maturity in 2013-2042, respectively.

As at 31 December 2013, financial assets at fair value through profit or loss in the amount of RUR 1,311,503 thousand, were pledged as collateral for liabilities for sale of securities (2012: none).

PROBUSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013****Foreign currency contracts**

The table below summarises, by major currencies, the contractual amounts of forward exchange contracts outstanding at 31 December 2013 and 2012 with details of the contractual exchange rates and remaining periods to maturity. Foreign currency amounts presented below are translated at rates ruling at the reporting date. The resultant unrealised gains and losses on these unmatured contracts, along with the amounts payable and receivable on the matured but unsettled contracts, are recognised in profit or loss and in financial instruments at fair value through profit or loss, as appropriate.

| | Notional amount | | Weighted average contracted exchange rates | |
|--------------------------|-------------------|-------------------|--|-------------|
| | 2013 RUR'000 | 2012 RUR'000 | 2013 RUR | 2012 RUR |
| Buy RUR sell USD | | | | |
| Less than three months | 18,270,705 | 14,517,438 | 32.7433 | 30.3926 |
| Buy USD sell RUR | | | | |
| Less than three months | 4,110,133 | 11,343,019 | 32.9963 | 30.3383 |
| Buy EUR sell RUR | | | | |
| Less than three months | 4,508,683 | 3,536,577 | 44.9579 | 40.2592 |
| Buy RUR sell EUR | | | | |
| Less than three months | 652,886 | 160,754 | 45.0268 | 40.1890 |
| Buy EUR sell USD | | | | |
| Less than three months | 626,431 | 3,294,722 | 1.3756 | 1.3263 |
| Buy RUR sell CHF | | | | |
| From three to six months | 220,200 | - | 36.7000 | - |
| Buy JPY sell RUR | | | | |
| Less than three months | 118,637 | - | 0.3500 | - |
| Buy CHF sell USD | | | | |
| Less than three months | - | 324,566 | - | 0.9110 |
| Buy USD sell CHF | | | | |
| Less than three months | - | 232,890 | - | 33.2700 |
| Buy CAD sell RUR | | | | |
| Less than three months | - | 183,244 | - | 30.5600 |
| Buy USD sell CAD | | | | |
| Less than three months | - | 182,166 | - | 0.9950 |
| Total | 28,507,675 | 33,775,376 | | |

Securities contracts

The Group's position and carrying amounts of securities contracts at 31 December 2013 and 2012 are presented below. The resultant unrealised gains and losses on these unmatured contracts, along with the amounts payable and receivable on the matured but unsettled contracts, are recognised in profit or loss and in financial instruments at fair value through profit or loss, as appropriate.

| | 2013 RUR '000 | | | 2012 RUR '000 | | |
|-----------------------------------|------------------|--------------------|---------------|-------------------|---------------------|----------------|
| | Asset | Liability | Net value | Asset | Liability | Net value |
| Securities contracts | | | | | | |
| Assets | | | | | | |
| Forwards | 5,167,219 | (5,158,155) | 9,064 | 1,185,302 | (1,181,875) | 3,427 |
| Spots | 2,280,611 | (2,276,724) | 3,887 | 7,129,516 | (7,116,555) | 12,961 |
| | <u>7,447,830</u> | <u>(7,434,879)</u> | <u>12,951</u> | <u>8,311,818</u> | <u>(8,298,430)</u> | <u>16,388</u> |
| Liabilities | | | | | | |
| Forwards | - | - | - | 268,463 | (268,798) | (335) |
| Spots | - | - | - | 3,165,546 | (3,171,119) | (5,573) |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,434,009</u> | <u>(3,439,917)</u> | <u>(5,908)</u> |
| Total securities contracts | 7,447,830 | (7,434,879) | 12,951 | 11,748,827 | (11,738,347) | 10,480 |

PROBUSINESSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013****17. LOANS TO CUSTOMERS**

| | 2013 RUR'000 | 2012 RUR'000 |
|--|-------------------|-------------------|
| Loans to legal entities | | |
| Loans to large corporates | 13,648,269 | 19,490,505 |
| Loans to small and medium size companies | 4,185,112 | 3,280,547 |
| Total loans to legal entities | 17,833,381 | 22,771,052 |
| Financing receivables | 6,908,800 | 5,342,704 |
| Total financing receivables | 6,908,800 | 5,342,704 |
| Loans to individuals | | |
| Consumer loans | 30,067,119 | 35,425,970 |
| Credit cards | 6,152,159 | 721,114 |
| Car loans | 47,024 | 89,083 |
| Other | 6,655,977 | 9,144,704 |
| Total loans to individuals | 42,922,279 | 45,380,871 |
| Gross loans to customers | 67,664,460 | 73,494,627 |
| Impairment allowance | (8,125,253) | (6,330,232) |
| Net loans to customers | 59,539,207 | 67,164,395 |

Movements in the loan impairment allowance for the year ended 31 December are as follows:

| | 2013 RUR'000 | 2012 RUR'000 |
|--|------------------|------------------|
| Balance at the beginning of the year | 6,330,232 | 6,667,026 |
| Net charge for the year recognised in profit for the period from continued operations | 4,741,326 | 2,936,009 |
| Net charge for the year recognised in profit for the period from discontinued operations | - | 1,641,693 |
| Accumulated allowance transferred to assets of discontinued operations classified as held for sale | - | (2,891,647) |
| Loans written off during the year as uncollectible | (2,946,305) | (2,022,849) |
| Balance at the end of the year | 8,125,253 | 6,330,232 |

Loan impairment allowance by classes for the year ended 31 December 2013 and 2012 are as follows:

| | 31 December 2013 RUR'000 | 31 December 2012 RUR'000 |
|---|--------------------------------|--------------------------------|
| Loans to large corporates | 2,252,009 | 1,365,967 |
| Loans to small and medium size companies | 766,281 | 1,111,309 |
| Financing receivables | 533,457 | 583,171 |
| Loans to individuals | 4,573,506 | 3,269,785 |
| Balance at the end of the reporting period | 8,125,253 | 6,330,232 |

PROBUSINESSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013****Credit quality of the loans to legal entities portfolio**

The Group has an internal classification of the loans without the individual indicators of impairment. The loans are classified as:

- Standard loans, representing loans without any indicators of impairment and thus representing the best level of credit quality;
- Watch list loans, representing loans with some minor indicators of deterioration in credit quality not yet resulting in the impairment of the loan. Such indicators may include minor breaches of loan covenants, some factors of deterioration of financial position of the borrower etc., not yet affecting the ability of the borrower to repay the amounts in due course. Watch list loans are subject to stricter monitoring of financial position, collateral and other enhanced credit risk management tools;

The following table provides information on the credit quality of the loans to legal entities portfolio as at 31 December 2013:

| | Gross loans RUR'000 | Allowance for impairment RUR'000 | Net loans RUR'000 | Impairment to gross loans % |
|---|------------------------|--|----------------------|-----------------------------------|
| Loans to large corporates | | | | |
| Loans for which no impairment has been identified: | | | | |
| - Standard loans | 8,871,293 | (102,907) | 8,768,386 | 1.16% |
| - Watch list loans | 2,026,200 | (23,466) | 2,002,734 | 1.16% |
| Total loans for which no impairment has been identified | 10,897,493 | (126,373) | 10,771,120 | 1.16% |
| Impaired loans: | | | | |
| - not overdue | 749,799 | (376,683) | 373,116 | 50.24% |
| - overdue less than 90 days | 246,176 | (152,880) | 93,296 | 62.10% |
| - overdue more than 90 days and less than 1 year | 790,450 | (632,295) | 158,155 | 79.99% |
| - overdue more than 1 year | 964,351 | (963,778) | 573 | 99.94% |
| Total impaired loans | 2,750,776 | (2,125,636) | 625,140 | 77.27% |
| Total loans to large corporates | 13,648,269 | (2,252,009) | 11,396,260 | 16.50% |
| Loans to small and medium size companies | | | | |
| Loans for which no impairment has been identified: | | | | |
| - Standard loans | 3,123,730 | (51,326) | 3,072,404 | 1.64% |
| - Watch list loans | 165,793 | (2,719) | 163,074 | 1.64% |
| Total loans for which no impairment has been identified | 3,289,523 | (54,045) | 3,235,478 | 1.64% |
| Impaired loans: | | | | |
| - not overdue | 48,729 | (4,730) | 43,999 | 9.71% |
| - overdue less than 90 days | 102,275 | (38,294) | 63,981 | 37.44% |
| - overdue more than 90 days and less than 1 year | 109,652 | (68,037) | 41,615 | 62.05% |
| - overdue more than 1 year | 634,933 | (601,175) | 33,758 | 94.68% |
| Total impaired loans | 895,589 | (712,236) | 183,353 | 79.53% |
| Total loans to small and medium size companies | 4,185,112 | (766,281) | 3,418,831 | 18.31% |
| Total loans to legal entities | 17,833,381 | (3,018,290) | 14,815,091 | 16.92% |

PROBUSINESSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

The following table provides information on the credit quality of the loans to legal entities portfolio as at 31 December 2012:

| | Gross loans RUR'000 | Allowance for impairment RUR'000 | Net loans RUR'000 | Impairment to gross loans % |
|---|--------------------------------|---|------------------------------|--|
| Loans to large corporates | | | | |
| Loans for which no impairment has been identified: | | | | |
| - Standard loans | 15,177,130 | (154,807) | 15,022,323 | 1.02% |
| - Watch list loans | 1,869,159 | (71,435) | 1,797,724 | 3.82% |
| Total loans for which no impairment has been identified | 17,046,289 | (226,242) | 18,820,047 | 1.33% |
| Impaired loans: | | | | |
| - not overdue | 1,105,612 | (298,297) | 807,315 | 26.98% |
| - overdue less than 90 days | 138,983 | (33,980) | 105,003 | 24.45% |
| - overdue more than 90 days and less than 1 year | 467,579 | (247,933) | 219,646 | 53.02% |
| - overdue more than 1 year | 732,042 | (559,515) | 172,527 | 76.43% |
| Total impaired loans | 2,444,216 | (1,139,725) | 1,304,491 | 46.63% |
| Total loans to large corporates | 19,490,505 | (1,365,967) | 18,124,538 | 7.01% |
| Loans to small and medium size companies | | | | |
| Loans for which no impairment has been identified: | | | | |
| - Standard loans | 2,078,194 | (74,815) | 2,003,379 | 3.60% |
| - Watch list loans | 121,400 | (4,370) | 117,030 | 3.60% |
| Total loans for which no impairment has been identified | 2,199,594 | (79,185) | 2,120,409 | 3.60% |
| Impaired loans: | | | | |
| - not overdue | 43,113 | (23,245) | 19,868 | 53.92% |
| - overdue less than 90 days | 22,735 | (16,809) | 5,926 | 73.93% |
| - overdue more than 90 days and less than 1 year | 102,011 | (78,976) | 23,035 | 77.42% |
| - overdue more than 1 year | 913,094 | (913,094) | - | 100.00% |
| Total impaired loans | 1,080,953 | (1,032,124) | 48,829 | 95.48% |
| Total loans to small and medium size companies | 3,280,547 | (1,111,309) | 2,169,238 | 33.88% |
| Total loans to legal entities | 22,771,052 | (2,477,276) | 20,293,776 | 10.88% |

As at 31 December 2013 and 2012, no single borrower of the Group accounts for more than 10% of the Group's equity.

During the year ended 31 December 2013, the Group renegotiated loans to legal entities that would otherwise be past due or impaired of RUR 390,790 thousand (31 December 2012: RUR 733,851 thousand). Such restructuring activity is aimed at managing customer relationships and maximising collection opportunities.

In 2013, the Group changed the assumptions used to provide for loans to small and medium sized businesses for which no impairment has been identified due to market improvement compared to last year. When determining the provision for loans for which no impairment has been identified, the Group started to use the overdue debt migration model for calculation probabilities of default on the basis of overdue period and collected history. This methodology will be used prospectively.

PROBUSINESSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013****Analysis of movements in the impairment allowance**

Movements in the loan impairment allowance by classes of loans to legal entities for the year ended 31 December 2013 are as follows:

| | Loans to large corporates RUR'000 | Loans to small and medium size companies RUR'000 | Total RUR'000 |
|--|---|---|------------------|
| Loan impairment allowance as at 1 January | 1,365,967 | 1,111,309 | 2,477,276 |
| Loan impairment losses | 1,026,708 | (345,028) | 681,680 |
| Loans written off as uncollectible | (140,666) | - | (140,666) |
| Loan impairment allowance as at 31 December | 2,252,009 | 766,281 | 3,018,290 |

Movements in the loan impairment allowance by classes of loans to legal entities for the year ended 31 December 2012 are as follows:

| | Loans to large corporates RUR'000 | Loans to small and medium size companies RUR'000 | Total RUR'000 |
|--|---|---|------------------|
| Loan impairment allowance as at 1 January | 1,844,422 | 1,216,677 | 3,061,099 |
| Loan impairment losses on assets of discontinued operations classified as held for sale | 98,044 | 7,957 | 106,001 |
| Loan impairment losses | (248,018) | (104,482) | (352,500) |
| Accumulated allowance transferred to assets of discontinued operations classified as held for sale | (198,544) | (8,843) | (207,387) |
| Loans written off as uncollectible | (129,937) | - | (129,937) |
| Loan impairment allowance as at 31 December | 1,365,967 | 1,111,309 | 2,477,276 |

The following table provides information on the credit quality of the financing receivables as at 31 December 2013:

| | Gross loans RUR'000 | Provision for impairment RUR'000 | Net loans RUR'000 | Impairment to gross loans % |
|---|------------------------|--|----------------------|-----------------------------------|
| Financing receivables | | | | |
| Financing receivables without individual signs of impairment | | | | |
| - Standard financing receivables | 5,928,097 | (52,800) | 5,875,297 | 0.89% |
| Total financing receivables for which no impairment has been identified | 5,928,097 | (52,800) | 5,875,297 | 0.89% |
| Impaired financing receivables: | | | | |
| - Overdue less 30 days | 119,539 | (15,114) | 104,425 | 12.64% |
| - Overdue 30-89 days | 130,713 | (24,297) | 106,416 | 18.59% |
| - Overdue 90-179 days | 141,976 | (40,080) | 101,896 | 28.23% |
| - Overdue 180-360 days | 169,741 | (88,001) | 81,740 | 51.84% |
| - Overdue more than 360 days | 418,734 | (313,165) | 105,569 | 74.79% |
| Total impaired financing receivables | 980,703 | (480,657) | 500,046 | 49.01% |
| Total financing receivables | 6,908,800 | (533,457) | 6,375,343 | 7.72% |

PROBUSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

The following table provides information on the credit quality of the financing receivables as at 31 December 2012:

| | Gross loans RUR'000 | Provision for impairment RUR'000 | Net loans RUR'000 | Impairment to gross loans % |
|---|------------------------|--|----------------------|-----------------------------------|
| Financing receivables | | | | |
| Financing receivables without individual signs of impairment | | | | |
| - Standard financing receivables | 4,830,595 | (71,062) | 4,759,533 | 1.47% |
| Total financing receivables for which no impairment has been identified | 4,830,595 | (71,062) | 4,759,533 | 1.47% |
| Impaired financing receivables: | | | | |
| - Overdue less 30 days | 2,714 | (2,714) | - | 100.00% |
| - Overdue 30-89 days | 42,688 | (42,688) | - | 100.00% |
| - Overdue 90-179 days | 43,527 | (43,527) | - | 100.00% |
| - Overdue 180-360 days | 140,043 | (140,043) | - | 100.00% |
| - Overdue more than 360 days | 283,137 | (283,137) | - | 100.00% |
| Total impaired financing receivables | 512,109 | (512,109) | - | 100.00% |
| Total financing receivables | 5,342,704 | (583,171) | 4,759,533 | 10.92% |

In 2013, the Group changed the methodology used to provide for impaired category of financing receivables. When determining the provision for the impairment of impaired category of financing receivables, the Group started to use the overdue debt migration model calculating probabilities of default for impaired category of financing receivables on the basis of overdue period. When estimating the provisions, the Group also used the loss given default (LGD) indicator. This methodology will be used prospectively.

The Group has financed small and medium retailers with pre-shipments financing amounting to RUR 6,908,800 thousand and RUR 5,342,704 thousand as at 31 December 2013 and 2012. Such receivables are secured by the underlying goods purchased and have a short term maturity from 1 to 6 months.

Movements in the loan impairment of financing receivables for the year ended 31 December 2013 are as follows:

| | Financing receivables RUR'000 |
|--|-------------------------------------|
| Loan impairment allowance as at 1 January | 583,171 |
| Recovery of loan impairment losses | (49,714) |
| Loan impairment allowance as at 31 December | 533,457 |

Movements in the loan impairment of financing receivables for the year ended 31 December 2012 are as follows:

| | Financing receivables RUR'000 |
|--|-------------------------------------|
| Loan impairment allowance as at 1 January | 281,091 |
| Loan impairment losses | 302,080 |
| Loan impairment allowance as at 31 December | 583,171 |

PROBUSBUSINESSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013****Credit quality of loans to individuals**

The following table provides information on the credit quality of loans to individuals collectively assessed for impairment as at 31 December 2013:

| | Gross loans RUR'000 | Provision for impairment RUR'000 | Net loans RUR'000 | Provision for impairment to gross loans % |
|---------------------------------|--------------------------------|---|------------------------------|--|
| Consumer loans | | | | |
| Not past due | 23,447,281 | (162,790) | 23,284,491 | 0.69% |
| Overdue less than 30 days | 1,295,921 | (185,626) | 1,110,295 | 14.32% |
| Overdue 30-89 days | 1,205,044 | (387,661) | 817,383 | 32.17% |
| Overdue 90-179 days | 1,191,560 | (578,500) | 613,060 | 48.55% |
| Overdue 180-360 days | 1,893,439 | (1,352,705) | 540,734 | 71.44% |
| Overdue more than 360 days | 1,033,874 | (919,656) | 114,218 | 88.95% |
| Total consumer loans | 30,067,119 | (3,586,938) | 26,480,181 | 11.93% |
| Credit cards | | | | |
| Not past due | 5,397,423 | (37,443) | 5,359,980 | 0.69% |
| Overdue less than 30 days | 148,992 | (21,328) | 127,664 | 14.31% |
| Overdue 30-89 days | 105,989 | (24,978) | 81,011 | 23.57% |
| Overdue 90-179 days | 93,157 | (28,015) | 65,142 | 30.07% |
| Overdue 180-360 days | 61,130 | (21,651) | 39,479 | 35.42% |
| Overdue more than 360 days | 345,468 | (185,534) | 159,934 | 53.71% |
| Total credit cards | 6,152,159 | (318,949) | 5,833,210 | 5.18% |
| Car loans | | | | |
| Not past due | 21,237 | (147) | 21,090 | 0.69% |
| Overdue less than 30 days | 1,105 | (158) | 947 | 14.32% |
| Overdue 30-89 days | 1,510 | (301) | 1,209 | 19.90% |
| Overdue 90-179 days | 316 | (73) | 243 | 23.04% |
| Overdue 180-360 days | 1,420 | (514) | 906 | 36.22% |
| Overdue more than 360 days | 21,436 | (9,654) | 11,782 | 45.04% |
| Total car loans | 47,024 | (10,847) | 36,177 | 23.07% |
| Other retail loans | | | | |
| Not past due | 5,448,098 | (27,369) | 5,420,729 | 0.50% |
| Overdue less than 30 days | 203,242 | (28,534) | 174,708 | 14.04% |
| Overdue 30-89 days | 187,090 | (60,169) | 126,921 | 32.16% |
| Overdue 90-179 days | 209,373 | (106,939) | 102,434 | 51.08% |
| Overdue 180-360 days | 285,259 | (177,868) | 107,391 | 62.35% |
| Overdue more than 360 days | 322,915 | (255,893) | 67,022 | 79.25% |
| Total other retail loans | 6,655,977 | (656,772) | 5,999,205 | 9.87% |
| Total retail loans | 42,922,279 | (4,573,506) | 38,348,773 | 10.66% |

PROBUSINESSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

The following table provides information on the credit quality of loans to individuals collectively assessed for impairment as at 31 December 2012:

| | Gross loans RUR'000 | Provision for impairment RUR'000 | Net loans RUR'000 | Provision for impairment to gross loans % |
|---------------------------------|------------------------|--|----------------------|--|
| Consumer loans | | | | |
| Not past due | 30,883,161 | (118,281) | 30,764,880 | 0.38% |
| Overdue less than 30 days | 829,094 | (84,868) | 744,226 | 10.24% |
| Overdue 30-89 days | 736,211 | (305,764) | 430,447 | 41.43% |
| Overdue 90-179 days | 748,844 | (388,599) | 360,245 | 51.89% |
| Overdue 180-360 days | 1,026,065 | (768,510) | 257,555 | 74.90% |
| Overdue more than 360 days | 1,202,595 | (1,014,294) | 188,301 | 84.34% |
| Total consumer loans | 35,425,970 | (2,680,316) | 32,745,654 | 7.57% |
| Credit cards | | | | |
| Not past due | 604,850 | (2,370) | 602,480 | 0.39% |
| Overdue less than 30 days | 35,524 | (3,668) | 31,856 | 10.33% |
| Overdue 30-89 days | 29,749 | (11,692) | 18,057 | 39.30% |
| Overdue 90-179 days | 19,830 | (13,560) | 6,270 | 68.38% |
| Overdue 180-360 days | 31,161 | (26,091) | 5,070 | 83.73% |
| Total credit cards | 721,114 | (57,381) | 663,733 | 7.96% |
| Car loans | | | | |
| Not past due | 42,948 | (165) | 42,783 | 0.38% |
| Overdue less than 30 days | 2,282 | (234) | 2,048 | 10.23% |
| Overdue 30-89 days | 2,699 | (807) | 1,891 | 29.92% |
| Overdue 90-179 days | 831 | (400) | 431 | 48.11% |
| Overdue 180-360 days | 3,501 | (2,335) | 1,166 | 66.70% |
| Overdue more than 360 days | 36,823 | (28,012) | 8,811 | 76.07% |
| Total car loans | 89,083 | (31,953) | 57,130 | 35.87% |
| Other retail loans | | | | |
| Not past due | 8,351,763 | (12,934) | 8,338,829 | 0.15% |
| Overdue less than 30 days | 143,669 | (12,497) | 131,172 | 8.70% |
| Overdue 30-89 days | 92,615 | (33,525) | 59,090 | 36.20% |
| Overdue 90-179 days | 95,746 | (45,185) | 50,561 | 47.19% |
| Overdue 180-360 days | 137,240 | (83,227) | 54,013 | 60.64% |
| Overdue more than 360 days | 323,671 | (312,767) | 10,904 | 96.63% |
| Total other retail loans | 9,144,704 | (500,135) | 8,644,569 | 5.47% |
| Total retail loans | 45,380,871 | (3,269,785) | 42,111,086 | 7.21% |

As at 31 December 2013, included in the loan portfolio are restructured loans to individuals that would otherwise be past due or impaired of RUR 549,354 thousand (31 December 2012: RUR 528,408 thousand).

Analysis of movements in the impairment allowance

Movements in the loan impairment allowance by classes of loans to individuals for the year ended 31 December 2013 are as follows:

| RUR'000 | Consumer loans | Credit cards | Car loans | Other loans | Total |
|--|-------------------|----------------|---------------|----------------|------------------|
| Loan impairment allowance as at 1 January | 2,680,316 | 57,381 | 31,953 | 500,135 | 3,269,785 |
| Loan impairment losses | 3,533,056 | 261,568 | (21,106) | 335,841 | 4,109,359 |
| Loans written off as uncollectible | (2,626,434) | - | - | (179,204) | (2,805,638) |
| Loan impairment allowance as at 31 December | 3,586,938 | 318,949 | 10,847 | 656,772 | 4,573,506 |

PROBUSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

Movements in the loan impairment allowance by classes of loans to individuals for the year ended 31 December 2012 are as follows:

| RUR'000 | Consumer loans | Credit cards | Car loans | Other loans | Total |
|--|---------------------------|---------------------|------------------|--------------------|------------------|
| Loan impairment allowance as at 1 January | 2,760,250 | 93,011 | 133,967 | 337,608 | 3,324,836 |
| Loan impairment losses | 2,679,259 | 69,843 | (69,340) | 306,667 | 2,986,429 |
| Loan impairment losses on assets of discontinued operations classified as held for sale | 1,721,532 | (30,995) | (32,674) | (122,171) | 1,535,692 |
| Accumulated allowance transferred to assets of discontinued operations classified as held for sale | (2,673,470) | (10,790) | - | - | (2,684,260) |
| Loans written off as uncollectible | (1,807,255) | (63,688) | - | (21,969) | (1,892,912) |
| Loan impairment allowance as at 31 December | 2,680,316 | 57,381 | 31,953 | 500,135 | 3,269,785 |

As at 31 December 2013 impaired loans to individuals amounted to RUR 8,608,240 thousand (31 December 2012: RUR 5,498,149 thousand).

Analysis of collateral

The following table provides the analysis of loans to legal entities and loans to individuals portfolio, gross of impairment, by types of collateral as at 31 December 2013 and 2012:

| | 2013 RUR'000 | % of loan portfolio RUR'000 | 2012 RUR'000 | % of loan portfolio RUR'000 |
|-------------------|-------------------------|--|-------------------------|--|
| Other collateral | 7,729,681 | 11.45% | 10,539,961 | 14.34% |
| Motor vehicles | 4,510,896 | 6.68% | 4,595,872 | 6.25% |
| Guarantees | 3,915,607 | 5.80% | 3,756,428 | 5.11% |
| Real estate | 3,331,648 | 4.93% | 1,797,652 | 2.45% |
| Traded securities | 297,404 | 0.44% | 1,037,969 | 1.41% |
| No collateral | 48,397,058 | 71.53% | 51,766,725 | 70.44% |
| Total | 67,664,460 | 100.00% | 73,494,627 | 100.00% |

The amounts shown in the table above represent the gross values of the loans, and do not necessarily represent the fair value of the collateral.

Impaired or overdue loans to legal entities with a gross value of RUR 1,749,712 thousand (31 December 2012: RUR 589,553 thousand) are secured by collateral with a fair value of RUR 3,367,505 thousand (31 December 2012: RUR 2,229,369 thousand). For the remaining impaired loans of RUR 2,740,396 thousand (31 December 2012: RUR 1,862,327 thousand) there is no collateral or it is impracticable to determine fair value of collateral.

Auto loans are secured by underlying vehicles. Credit card overdrafts and consumer loans are not secured.

During the year ended 31 December 2013, the Group obtained assets by taking control of collateral accepted as security for commercial loans in the total amount of RUR 6,570 thousand (31 December 2012: RUR 12,843 thousand). This has been accounted for as non-cash item for the purposes of composition of consolidated statement of cash flows.

PROBUSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013****Industry analysis of the loan portfolio**

Loans to customers were issued primarily to customers located within the Russian Federation who operate in the following economic sectors:

| | 2013 RUR'000 | 2012 RUR'000 |
|----------------------|-------------------|-------------------|
| Individuals | 42,922,279 | 45,380,871 |
| Trade | 14,912,740 | 17,518,499 |
| Finance | 1,357,787 | 1,051,686 |
| Construction | 1,139,154 | 2,974,320 |
| Manufacturing | 327,712 | 1,881,332 |
| Heavy industry | 285,118 | 775,091 |
| Agriculture | 279,868 | 612,426 |
| Other | 6,439,802 | 3,300,402 |
| | 67,664,460 | 73,494,627 |
| Impairment allowance | (8,125,253) | (6,330,232) |
| | 59,539,207 | 67,164,395 |

Loan maturities

The maturity of the loan portfolio is presented in Note 41, which shows the remaining period from the reporting date to the contractual maturity of the loans.

18. HELD-TO-MATURITY INVESTMENTS

| | 2013 RUR'000 | 2012 RUR'000 |
|---|------------------|-----------------|
| Government bonds | | |
| Ministry of Finance RF OFZ-25079 | 978,569 | - |
| Ministry of Finance RF OFZ-25203 | 519,905 | - |
| Total government and municipal bonds | 1,498,474 | - |

As at 31 December 2013, held-to-maturity investments include Russian Government Federal bonds with nominal interest rates in the range 6.90%-7.00% and maturity in 2015-2016.

Government bonds in the amount of RUR 519,905 are pledged to amounts payable under repurchase agreements with maturity less than 1 month.

PROBUSINESSBANK GROUP

NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

19. PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS

| RUR'000 | Land and buildings | Equipment | Motor vehicles | Intangible assets | Leasehold assets improvements | Construction in progress | Total |
|---|-----------------------|-----------|----------------|-------------------|----------------------------------|-----------------------------|-------------|
| Cost/revalued amount | | | | | | | |
| At 1 January 2013 | 1,999,066 | 2,643,144 | 141,981 | 888,849 | 393,440 | 161,550 | 6,228,030 |
| Additions | 12,350 | 699,360 | 59,129 | 339,941 | - | 62,266 | 1,193,036 |
| Disposals | (73,620) | (47,627) | (45,460) | (592) | - | (11,320) | (178,619) |
| Transfer | - | - | - | - | 56,754 | (56,754) | - |
| Transfers to investment property | (7,857) | - | - | - | - | - | (7,857) |
| Transfers to assets of discontinued operations classified as held for sale | (180,024) | (27,441) | - | - | - | - | (207,465) |
| Revaluation | 164,383 | - | - | - | - | - | 164,383 |
| At 31 December 2013 | 1,914,298 | 3,267,436 | 155,650 | 1,228,198 | 450,194 | 175,732 | 7,191,508 |
| Depreciation and amortization | | | | | | | |
| At 1 January 2013 | - | 1,304,864 | 55,989 | 447,879 | 222,046 | - | 2,030,778 |
| Depreciation and amortization charge | 38,288 | 525,647 | 37,885 | 145,795 | 99,052 | - | 846,577 |
| Transfers to assets of discontinued operations classified as held for sale | (2,787) | (18,756) | - | - | - | - | (21,543) |
| Disposals | (988) | (31,600) | (28,404) | (592) | - | - | (61,584) |
| Elimination of accumulated depreciation of revalued assets | (34,523) | - | - | - | - | - | (34,523) |
| At 31 December 2013 | - | 1,780,055 | 65,470 | 593,082 | 321,098 | - | 2,759,705 |
| Carrying value | | | | | | | |
| At 31 December 2013 | 1,914,298 | 1,487,381 | 90,180 | 635,116 | 129,096 | 175,732 | 4,431,803 |
| RUR'000 | Land and buildings | Equipment | Motor vehicles | Intangible assets | Leasehold assets improvements | Construction in progress | Total |
| Cost/revalued amount | | | | | | | |
| At 1 January 2012 | 3,493,452 | 2,394,994 | 149,037 | 765,348 | 307,583 | 174,862 | 7,275,276 |
| Additions | 162,799 | 930,864 | 49,271 | 200,621 | - | 152,530 | 1,496,286 |
| Disposals | (345,442) | (69,227) | (29,397) | (9,886) | - | (10,011) | (463,963) |
| Transfers | - | - | - | - | 85,857 | (85,857) | - |
| Transfers to investment property | (303,296) | - | - | - | - | - | (303,296) |
| Transfers to assets of discontinued operations classified as held for sale | (1,211,021) | (613,487) | (26,930) | (57,434) | - | (69,974) | (1,978,846) |
| Revaluation | 202,575 | - | - | - | - | - | 202,575 |
| At 31 December 2012 | 1,999,066 | 2,643,144 | 141,981 | 888,849 | 393,440 | 161,550 | 6,228,030 |
| Depreciation and amortization | | | | | | | |
| At 1 January 2012 | - | 1,127,826 | 54,260 | 336,743 | 140,372 | - | 1,659,201 |
| Depreciation and amortization charge | 21,002 | 473,198 | 39,123 | 124,902 | 84,886 | - | 742,516 |
| Depreciation and amortization charge of assets from discontinued operations | 17,353 | 63,178 | 2,430 | 5,507 | 495 | - | 88,963 |
| Transfers to assets of discontinued operations classified as held for sale | (17,353) | (291,424) | (22,490) | (9,312) | (2,649) | - | (343,228) |
| Disposals | (10,273) | (67,914) | (17,334) | (9,861) | (563) | - | (105,945) |
| Elimination of accumulated depreciation of revalued assets | (10,729) | - | - | - | - | - | (10,729) |
| At 31 December 2012 | - | 1,304,864 | 55,989 | 447,879 | 222,046 | - | 2,030,778 |
| Carrying value | | | | | | | |
| At 31 December 2012 | 1,999,066 | 1,338,280 | 85,992 | 440,970 | 171,394 | 161,550 | 4,197,252 |

PROBUSINESSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

Intangible assets consist of licences and purchased and developed software.

Revalued assets

As at 31 December 2013, buildings were revalued by the Management based on the results of an independent appraisal.

The valuation was performed based on the market and income capitalization approaches.

The estimate of the market value is based on the direct comparison of the revalued object with other objects sold or offered for sale. The market value of premises is determined by the price which an independent party would pay for an object similar by its quality and use. The market value of premises was estimated based on information on sales of the comparable items that took place in the market.

The following key assumptions are used in applying income capitalization approaches:

- Net operating income was estimated based on the market rental rates of RUR 4,729-109,328 per square meter per annum depending on the characteristics of the revalued assets;
- Capitalization rates used for estimation of fair value of properties (depending on its type) ranging from 9.0% to 13% respectively.

The values assigned to the key assumptions represent Management's assessment of future business trends and are based on both external sources and internal sources of information.

| Analysis of revaluation movements | 2013 RUR'000 | 2012 RUR'000 |
|---|-------------------------|-------------------------|
| Revaluation for the period | 164,383 | 213,304 |
| Elimination of accumulated depreciation of revalued assets | 34,523 | 10,729 |
| Recovery of impairment allowance | (44,834) | (122,037) |
| Change in revaluation assets of discontinued operations classified as held for sale | 49,335 | - |
| Impairment allowance for the year | - | 2,183 |
| Revaluation for the period in the statement of changes in equity before tax | 203,407 | 104,179 |

The carrying value of buildings as at 31 December 2013, if the buildings would not have been revalued, would be RUR 1,715,392 thousand (31 December 2012: RUR 2,028,867 thousand).

The table below presents the negative revaluation of RUR 124,136 thousand (31 December 2012: RUR 185,737 thousand) which was recognized cumulatively as an impairment charge in retained earnings of the Group and accordingly, as a charge for appropriate year in profit or loss:

| Analysis of movements in the impairment allowance | 2013 RUR'000 | 2012 RUR'000 |
|---|-------------------------|-------------------------|
| Balance at the beginning of the year | 65,637 | 668,835 |
| Write off of allowance of disposed and transferred land and building | (16,767) | (363,244) |
| Recovery of allowance | (44,834) | (122,037) |
| Transfers of allowance to assets of discontinued operations classified as held for sale | - | (120,100) |
| Net charge for the year | - | 2,183 |
| Balance at the end of the year | 4,036 | 65,637 |

PROBUSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

Details of the Group's buildings and information about the fair value hierarchy as at 31 December 2013 are as follows:

| | Level 1 | Level 2 | Level 3 | Fair value as at December 31, 2013 |
|--------------------------------|---------|------------------|---------|--|
| Buildings in following region: | | | | |
| - Moscow region | - | 607 410 | - | 607 410 |
| - Ekaterinburg region | - | 302 120 | - | 302 120 |
| - St.Petersburg | - | 79 600 | - | 79 600 |
| - Saratov region | - | 605 381 | - | 605 381 |
| - Kaluga region | - | 216 740 | - | 216 740 |
| - Rostov region | - | 67 967 | - | 67 967 |
| - Other | - | 35 080 | - | 35 080 |
| Total | - | 1,914,298 | - | 1,914,298 |

There were no transfers between Levels 1 and 2 during the year.

20. DEVELOPMENT PROPERTY

| | 2013 RUR'000 | 2012 RUR'000 |
|--|------------------|------------------|
| Developments under construction: | | |
| Development and construction costs | 2,430,311 | 6,212,689 |
| Complete development properties | 220,663 | 1,003,862 |
| Impairment of development property to net realizable value | - | (498,688) |
| | 2,650,974 | 6,717,863 |

The Management consider all inventories to be current in nature. The operational cycle is such that the majority of Development Property will not be realised within 12 months. It is not possible to determine with accuracy when specific Development Property will be realised, as this will be subject to a number of issues such as consumer demand and planning permission delays.

As at 31 December 2012, the Management reconsidered its strategy in relation to further development of several construction projects due to changes in forecasts of market sale prices for the properties. As a result, the Group has recognised an impairment loss in the amount of RUR 683,333 thousand which was attributable to write off of goodwill in the amount of RUR 184,645 thousand and development property in the amount of RUR 498,688 thousand.

21. INVESTMENT PROPERTY

| | 2013 RUR'000 | 2012 RUR'000 |
|--|------------------|------------------|
| Fair value | | |
| As at 1 January | 2,648,867 | 2,575,957 |
| Additions | - | 626 |
| Disposal | (1,302,783) | (202,910) |
| Transfers from property, equipment and intangible assets | 7,857 | 303,298 |
| Transfers to assets of discontinued operations classified as held for sale | - | (77,850) |
| Change in fair value | (129,468) | 49,746 |
| As at 31 December | 1,224,473 | 2,648,867 |

PROBUSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

Details of the Group's investment property and information about the fair value hierarchy as at 31 December 2013 are as follows:

| | Level 1 | Level 2 | Level 3 | Fair value as at December 31, 2013 |
|---------------------------------------|---------|------------------|---------|--|
| Buildings in following region: | | | | |
| - Sverdlovsk region | - | 597 037 | - | 597 037 |
| - Ekaterinburg region | - | 182 934 | - | 182 934 |
| - Moscow region | - | 145 592 | - | 145 592 |
| - Ivanovo region | - | 67 800 | - | 67 800 |
| - Saratov region | - | 62 682 | - | 62 682 |
| - St. Petersburg | - | 43 300 | - | 43 300 |
| - Sochi | - | 37 800 | - | 37 800 |
| - Kaluga region | - | 24 796 | - | 24 796 |
| - Other | - | 62 532 | - | 62 532 |
| Total | - | 1,224,473 | - | 1,224,473 |

There were no transfers between Levels 1 and 2 during the year.

Management valued investment properties based on the results of independent appraisals. The approach used for the revaluation was consistent with revaluation of buildings in own use (refer to Note 19). The market value of land is determined by the price which an independent party would pay for an object similar by its quality and use. The market value of land was estimated based on information on sales of the comparable items that took place in the market.

Operating expenses arising from the investment property and rental income are insignificant.

22. OTHER ASSETS

| | 2013 RUR'000 | 2012 RUR'000 |
|---|------------------|------------------|
| Prepayments | 1,016,021 | 988,819 |
| Other receivables | 128,924 | 191,035 |
| Taxes receivable, other than income tax | 23,336 | 64,278 |
| Investments in associates and unconsolidated subsidiaries | 16 | 17,501 |
| Property received under pledge agreements | 6,570 | 17,357 |
| Investment coins | 493 | - |
| Provision for impairment | (145,464) | (100,817) |
| Total other assets | 1,029,896 | 1,178,173 |

As at 31 December 2013, included in other assets are overdue non financial receivables of RUR 145,464 thousand (31 December 2013: RUR 100,817 thousand).

As at 31 December 2013 and 2012, financial assets within other assets consist of other receivables totaling RUR 128,924 thousand and RUR 191,035 thousand respectively.

PROBUSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

Associates and unconsolidated subsidiaries comprise:

| Name | Country of incorporation | Main activity | % Controlled | | 2013 | 2012 |
|-------------------------------------|--------------------------|---------------|--------------|----------|---------------------------|---------------------------|
| | | | 2013 | 2012 | Carrying value RUR'000 | Carrying value RUR'000 |
| Ultra Weis Global Funding reg. | Lichtenstein | Other | - | 100% | - | 17,285 |
| LLC TSUP | Russian Federation | Other | - | - | - | - |
| LLC Scratch Card | Russian Federation | Other | - | 100% | - | 100 |
| LLC Factoring company Debitorov Net | Russian Federation | Factoring | - | 100% | - | 100 |
| Other | Russian Federation | Other | 19%-100% | 19%-100% | 16 | 16 |
| | | | | | 16 | 17,501 |

23. DISCONTINUED OPERATIONS

The Group's Management and the Board of Directors have approved a plan to separate its subsidiaries OJSC Bank24.ru, CJSC Bank Poidem!, LLC "Development Plus" and CMIF "Perspektivnaya Nedvijimost" into a parallel holding entity structure. The purpose of this transaction is to separate the more entrepreneurial businesses, with substantially different business and risk profiles, from the Group and allow Management to concentrate on the Group's core banking business operations.

The separation is expected to be completed during 2014 year.

The Group has not recognized any impairment losses in respect of these subsidiaries, neither when the operations were reclassified as held for sale nor at the end of the reporting period.

The assets and liabilities of the disposal group of subsidiaries are presented below:

| | 31 December 2013 RUR'000 | 31 December 2012 RUR'000 |
|--|--------------------------------|--------------------------------|
| ASSETS OF DISCONTINUED OPERATIONS CLASSIFIED AS HELD FOR SALE | | |
| Cash | 3,151,642 | 2,822,780 |
| Due from the Central Bank of the Russian Federation | 3,186,920 | 2,012,674 |
| Mandatory cash balances with the Central Bank of the Russian Federation | 202,391 | 199,988 |
| Placements with banks and other financial institutions | 2,045,021 | 1,554,660 |
| Financial assets at fair value through profit or loss | 412,956 | 591,356 |
| Loans to customers | 15,232,728 | 16,223,028 |
| Available-for-sale securities | 4,475 | 4,782 |
| Property, equipment and intangible assets | 1,813,858 | 1,635,618 |
| Investment property | - | 77,850 |
| Deferred tax asset | - | 131,568 |
| Other assets | 704,772 | 458,361 |
| Total assets of discontinued operations classified as held for sale | 26,754,763 | 25,712,665 |
| LIABILITIES FROM DISCONTINUED OPERATIONS | | |
| Deposits and balances from banks and other financial institutions | 2,276,787 | 246,317 |
| Current accounts and deposits from customers | 17,564,300 | 18,154,980 |
| Debt securities issued | 2,932 | 34,341 |
| Subordinated debts | - | - |
| Deferred tax liability | 102,936 | - |
| Other liabilities | 833,873 | 678,181 |
| Total liabilities from discontinued operations | 20,780,828 | 19,113,819 |

PROBUSBUSINESSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

| | 31 December 2013 RUR'000 As presented in the Segment analysis | Intragroup transactions eliminated on consolidation | 31 December 2013 RUR'000 |
|--|--|--|--------------------------------|
| ASSETS OF DISCONTINUED OPERATIONS CLASSIFIED AS HELD FOR SALE | | | |
| Cash | 3,151,642 | - | 3,151,642 |
| Due from the Central Bank of the Russian Federation | 3,186,920 | - | 3,186,920 |
| Mandatory cash balances with the Central Bank of the Russian Federation | 202,391 | - | 202,391 |
| Placements with banks and other financial institutions | 5,946,571 | (3,901,550) | 2,045,021 |
| Financial assets at fair value through profit or loss | 412,956 | - | 412,956 |
| Loans to customers | 15,232,728 | - | 15,232,728 |
| Available-for-sale securities | 4,475 | - | 4,475 |
| Property, equipment and intangible assets | 1,813,858 | - | 1,813,858 |
| Other assets | 704,772 | - | 704,772 |
| Total assets of discontinued operations classified as held for sale | 30,656,313 | (3,901,550) | 26,754,763 |
| LIABILITIES FROM DISCONTINUED OPERATIONS | | | |
| Deposits and balances from banks and other financial institutions | 7,768,590 | (5,491,803) | 2,276,787 |
| Current accounts and deposits from customers | 17,651,935 | (87,635) | 17,564,300 |
| Debt securities issued | 2,932 | - | 2,932 |
| Subordinated debts | 590,000 | (590,000) | - |
| Deferred tax liability | 102,936 | - | 102,936 |
| Other liabilities | 833,873 | - | 833,873 |
| Total liabilities from discontinued operations | 26,950,266 | (6,169,438) | 20,780,828 |

PROBUSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

| | 31 December 2012 RUR'000 As presented in the Segment analysis | Intragroup transactions eliminated on consolidation | 31 December 2012 RUR'000 |
|--|--|--|--------------------------------|
| ASSETS OF DISCONTINUED OPERATIONS CLASSIFIED AS HELD FOR SALE | | | |
| Cash | 2,822,780 | - | 2,822,780 |
| Due from the Central Bank of the Russian Federation | 2,012,674 | - | 2,012,674 |
| Mandatory cash balances with the Central Bank of the Russian Federation | 199,988 | - | 199,988 |
| Placements with banks and other financial institutions | 6,372,856 | (4,818,196) | 1,554,660 |
| Financial assets at fair value through profit or loss | 591,356 | - | 591,356 |
| Loans to customers | 16,223,028 | - | 16,223,028 |
| Available-for-sale securities | 4,782 | - | 4,782 |
| Property, equipment and intangible assets | 1,635,618 | - | 1,635,618 |
| Investment property | 77,850 | - | 77,850 |
| Deferred tax asset | 131,568 | - | 131,568 |
| Other assets | 458,361 | - | 458,361 |
| Total assets of discontinued operations classified as held for sale | 30,530,861 | (4,818,196) | 25,712,665 |
| LIABILITIES FROM DISCONTINUED OPERATIONS | | | |
| Deposits and balances from banks and other financial institutions | 7,575,727 | (7,329,410) | 246,317 |
| Current accounts and deposits from customers | 18,681,145 | (526,165) | 18,154,980 |
| Debt securities issued | 34,341 | - | 34,341 |
| Subordinated debts | 590,278 | (590,279) | - |
| Other liabilities | 678,181 | - | 678,181 |
| Total liabilities from discontinued operations | 27,559,672 | (8,445,854) | 19,113,819 |

The Group provides funding to OJSC Bank24.ru and CJSC Bank Poidem! and charges interest on it. For the year ended 31 December 2013 and 2012, the amount of this intragroup interest charged by the continuing operations of the Group to the discontinued operations amounted to RUR 416,112 thousand and RUR 580,609 thousand, respectively.

OJSC Bank24.ru and CJSC Bank Poidem! used the funding provided by the Group to issue loans to third parties. For the year ended 31 December 2013 and 2012, OJSC Bank24.ru, CJSC Bank Poidem! recognized interest income on these loans in the amounts of RUR 7,129,748 thousand and RUR 6,120,930 thousand, respectively. An adjustment has been made to this interest income on consolidation (in the amount of RUR 416,112 thousand and RUR 580,609 thousand, respectively). The Group is anticipating that it will continue to provide interbank loans to CJSC Bank Poidem! in the future. In order to recognize this continuing income stream the Group has reallocated in 2013 and 2012 the amounts of RUR 416,112 thousand and RUR 580,609 thousand within the profits of the continuing operations as compensation for provided funding.

PROBUSBUSINESSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

Net profit of discontinued operations relating to the disposal group held for sale is presented as follows:

| | 2013 RUR'000 | 2012 RUR'000 |
|---|------------------|------------------|
| Interest income | 6,713,951 | 5,630,321 |
| Interest expense | (1,046,498) | (655,089) |
| Net interest income | 5,667,453 | 4,975,232 |
| Fee and commission income | 1,720,412 | 1,072,757 |
| Fee and commission expense | (323,387) | (114,243) |
| Net fee and commission income | 1,397,025 | 958,514 |
| Net loss on financial assets and liabilities at fair value through profit or loss | (7,460) | (881) |
| Net foreign exchange loss | (19,666) | (19,557) |
| Net gain/(loss) on available-for-sale securities | 275 | (442) |
| Other operating income | 292,645 | 289,963 |
| Operating income before provision for impairment losses | 7,330,272 | 6,202,829 |
| Impairment losses | (1,700,138) | (1,553,774) |
| General administrative expenses | (4,131,636) | (3,859,716) |
| Profit before tax | 1,498,498 | 789,339 |
| Income tax expense | (447,352) | (197,421) |
| Profit for the period from discontinued operations | 1,051,146 | 591,918 |
| Profit attributable to: | | |
| Owners of the Bank | 1,047,711 | 584,330 |
| Non-controlling interest | 3,435 | 7,588 |
| Profit for the period from discontinued operations | 1,051,146 | 591,918 |

The tables below present the result of the discontinued operation before and after consolidation adjustments:

| | 2013 RUR'000 As presented in the Segment analysis | Intragroup transactions eliminated on consolidation | Adjustment on reallocation of interest income to continuing operations | 2013 RUR'000 |
|---|---|--|--|------------------|
| Interest income | 7,745,733 | (537,189) | (416,112) | 6,713,951 |
| Interest expense | (1,854,257) | 953,301 | - | (1,046,498) |
| Net interest income | 5,667,453 | 416,112 | (416,112) | 5,667,453 |
| Fee and commission income | 1,720,412 | - | - | 1,720,412 |
| Fee and commission expense | (323,387) | - | - | (323,387) |
| Net fee and commission income | 1,397,025 | - | - | 1,397,025 |
| Net loss on financial assets and liabilities at fair value through profit or loss | (7,460) | - | - | (7,460) |
| Net foreign exchange loss | (19,666) | - | - | (19,666) |
| Net gain on available-for-sale securities | 275 | - | - | 275 |
| Other operating income | 292,645 | - | - | 292,645 |
| Operating income before provision for impairment losses | 7,330,272 | 416,112 | (416,112) | 7,330,272 |
| Impairment losses | (1,700,138) | - | - | (1,700,138) |
| General administrative expenses | (4,131,636) | - | - | (4,131,636) |
| Profit before tax | 1,498,498 | 416,112 | (416,112) | 1,498,498 |

PROBUSINESSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

| | 2012 RUR'000 As presented in the Segment analysis | Intragroup transactions eliminated on consolidation | Adjustment on reallocation of interest income to continuing operations | 2012 RUR'000 |
|---|---|--|--|------------------|
| Interest income | 6,627,605 | (416,575) | (580,609) | 5,630,321 |
| Interest expense | (1,652,373) | 997,284 | - | (655,089) |
| Net interest income | 4,975,232 | 580,609 | (580,609) | 4,975,232 |
| Fee and commission income | 1,072,757 | - | - | 1,072,757 |
| Fee and commission expense | (114,243) | - | - | (114,243) |
| Net fee and commission income | 958,514 | - | - | 958,514 |
| Net loss on financial assets and liabilities at fair value through profit or loss | (881) | - | - | (881) |
| Net foreign exchange loss | (19,557) | - | - | (19,557) |
| Net loss on available-for-sale securities | (442) | - | - | (442) |
| Other operating income | 289,963 | - | - | 289,963 |
| Operating income before provision for impairment losses | 6,202,829 | 580,609 | (580,609) | 6,202,829 |
| Impairment losses | (1,553,774) | - | - | (1,553,774) |
| General administrative expenses | (3,859,716) | - | - | (3,859,716) |
| Profit before tax | 789,339 | 580,609 | (580,609) | 789,339 |

Cash flows from discontinued operations of the disposal group held for sale is presented as follows:

| | 2013 RUR'000 | 2012 RUR'000 |
|--|-----------------|-----------------|
| Cash flows from discontinued operations | | |
| Net cash inflow from operating activities | 1,564,068 | 1,136,076 |
| Net cash outflows from investing activities | 36,713 | (441,457) |
| Net cash outflows from financing activities | (31,409) | (98,033) |

24. DEPOSITS AND BALANCES FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

| | 2013 RUR'000 | 2012 RUR'000 |
|-----------------|------------------|------------------|
| Vostro accounts | 1,060,526 | 967,239 |
| Term deposits | 7,058,533 | 7,551,182 |
| | 8,119,059 | 8,518,421 |

Concentration of deposits and balances from banks

As at 31 December 2013 and 2012, the Group has two and one counterparty, respectively whose balances exceeded 10% of Group's equity. The gross value of these balances as at 31 December 2013 and 2012 are RUR 3,307,786 thousand and RUR 2,570,940 thousand, respectively.

Deposits and balances from banks and other financial institutions maturities

The maturity of the deposits and balances from banks and other financial institutions is presented in Note 41.

PROBUSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013****25. AMOUNTS PAYABLE UNDER REPURCHASE AGREEMENTS**

Details of transferred financial assets that are not derecognised in their entirety as at December 31, 2013 are disclosed below:

| | 2013 RUR'000 | 2012 RUR'000 |
|---|------------------|------------------|
| Amounts payable to the Central Bank of the Russian Federation | 1,208,688 | 2,147,347 |
| Amounts payable to banks and other financial institutions | 674,377 | 1,382,467 |
| | <u>1,883,065</u> | <u>3,529,814</u> |

Fair value of assets pledged and carrying value of amounts payable under repurchase agreements as at 31 December 2013 and 2012 comprise:

| | 31 December 2013 | | 31 December 2012 | |
|----------------------------------|--------------------------|---|--------------------------|---|
| | Fair value of collateral | Carrying value of amounts payable under repurchase agreements | Fair value of collateral | Carrying value of amounts payable under repurchase agreements |
| Russian Government Federal bonds | 2,670,231 | 1,883,065 | 2,024,963 | 1,906,091 |
| Corporate bonds | - | - | 275,981 | 241,998 |
| Corporate shares | - | - | 1,630,503 | 1,381,725 |
| Total | <u>2,670,231</u> | <u>1,883,065</u> | <u>3,931,447</u> | <u>3,529,814</u> |

Net position on repurchase agreements as at 31 December 2013 and 2012 are RUR 787,166 thousand and RUR 401,633 thousand respectively.

The repurchase agreements mature within 1 month of the year end (2012: 1 month).

26. CURRENT ACCOUNTS AND DEPOSITS FROM CUSTOMERS

| | 2013 RUR'000 | 2012 RUR'000 |
|--------------------------------------|--------------------|--------------------|
| Current accounts and demand deposits | | |
| - Individuals | 4,541,257 | 4,564,897 |
| - Corporate clients | 22,273,263 | 22,571,595 |
| Term deposits | | |
| - Individuals | 68,643,443 | 73,574,656 |
| - Corporate clients | 15,124,261 | 16,616,436 |
| | <u>110,582,224</u> | <u>117,327,584</u> |

PROBUSINESSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

As at 31 December 2013 and 2012, no single customer of the Group has accounted for more than 10% of the Group's equity.

| | 2013 RUR'000 | 2012 RUR'000 |
|--------------------------------|--------------------|--------------------|
| Analysis by sector: | | |
| Individuals | 73,184,700 | 78,139,553 |
| Trade | 13,843,094 | 16,416,050 |
| Construction | 8,365,664 | 9,157,126 |
| Facility | 6,196,541 | 6,466,380 |
| Finances, loans, pensions | 2,894,869 | 1,201,949 |
| Mining and metallurgy | 1,647,059 | 1,535,522 |
| Transport and communication | 505,365 | 508,804 |
| Real estate | 344,331 | 326,174 |
| Agriculture | 257,980 | 148,260 |
| Public associations | 170,646 | 200,289 |
| State authorities | 107,822 | 115,334 |
| Mass media | 87,816 | 53,736 |
| Manufacturing | 73,937 | 133,329 |
| Energy and fuel sector | 46,957 | 176,127 |
| Other | 2,855,443 | 2,748,951 |
| Total customer accounts | 110,582,224 | 117,327,584 |

27. DEBT SECURITIES ISSUED

| | 2013 RUR'000 | 2012 RUR'000 |
|---|------------------|------------------|
| Discount bearing promissory notes | 2,898,468 | 3,339,249 |
| Subordinated loan participation notes | 2,026,397 | 1,868,472 |
| Corporate RUR bonds issued | 505,795 | 2,075,980 |
| Interest-bearing promissory notes | 50,861 | 507,807 |
| Zero-interest/non-discount bearing promissory notes | 25,468 | 61,367 |
| Total debt securities issued | 5,506,989 | 7,852,875 |

Discount bearing promissory notes represent debt securities issued to legal entities with effective interest rates ranging from 2.02% to 14.56% (31 December 2012: from 1.60% to 12.00%) and maturity from 2014 to 2018 (31 December 2012: from 2013 to 2018).

As at 31 December 2013 and 2012, the Group had the following loan participation notes outstanding:

| Principal amount as at 31 December 2013 '000 | Principal amount as at 31 December 2012 '000 | Interest rate % | Issue date | Maturity date | 2013 RUR'000 | 2012 RUR'000 |
|--|--|-----------------|----------------------|---------------|------------------|------------------|
| | | | 2010 – 50,000 USD | | | |
| 61,500 USD | 61,500 USD | 11.75 | 2011 – 11,500 USD | 2016 | 2,026,397 | 1,868,472 |
| Total loan participation notes | | | | | 2,026,397 | 1,868,472 |

Covenants

The Group is obliged to comply with financial covenants in relation to loan participation notes due in 2016. In accordance with the terms of covenants the Group should comply with the minimum capital adequacy ratio established by the CBRF. The Group has not breached this covenant at 31 December 2013 and 2012.

PROBUSBUSINESSBANK GROUP

NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

28. OTHER BORROWED FUNDS

As at 31 December 2013 and 2012 other borrowed funds comprise:

| | Original currency | Maturity date | 2013 | | 2012 | |
|--|----------------------|---------------|-----------------|------------------|-----------------|------------------|
| | | | Interest rate % | RUR'000 | Interest rate % | RUR'000 |
| Loans granted by Bayerische Vereinsbank AG | EUR | 2015-16 | 1.23-6.09 | 1,147,820 | 1.23-6.09 | 1,375,491 |
| VTB BANK (FRANCE) S.A. | EUR | 2014 | 4.16-4.79 | 289,780 | - | - |
| VTB BANK Germany | EUR | 2014 | 4.03 | 226,787 | - | - |
| State corporation "Deposit Insurance Agency" | RUR | 2013 | 19.5 | - | 19.5 | 523,316 |
| Loans granted by Bayerische Vereinsbank AG | CHF | 2014 | 5.25 | 63,932 | 5.25 | 96,515 |
| Loans granted by Bankgesellschaft Berlin AG | EUR | 2014 | 5.10 | 26,352 | 5.10 | 70,720 |
| Loans granted by Landesbank Berlin AG | EUR | 2014 | 2.38 | 30,791 | 2.38 | 54,809 |
| | | | | 1,785,462 | | 2,120,851 |

Covenants

The Group is obliged to comply with financial covenants in relation to other borrowed funds from State corporation "Deposit Insurance Agency". In accordance with the terms of the covenants the Group should comply with the minimum capital adequacy ratio established by the CBRF. The Group has not breached this covenant as at 31 December 2013 and 2012.

PROBUSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013****29. SUBORDINATED DEBT**

Subordinated debt as at 31 December 2013 and 2012 comprise:

| | Original currency | Maturity date | 2013 | | 2012 | |
|--|----------------------|---------------|-----------------|------------------|-----------------|------------------|
| | | | Interest rate % | RUR'000 | Interest rate % | RUR'000 |
| AMBIKA Investments Limited | USD | 2014-2020 | 6.40-13.50 | 1,865,565 | 6.40-13.50 | 1,488,693 |
| LLC "Collection agency "Life " | RUR | 2014-2042 | 9.08 | 374,241 | 9.08 | 374,257 |
| LLC "Amigo" | RUR | 2017 | 9.08 | 100,398 | 9.08 | 100,397 |
| LLC "NBS – Finansovye uslugi" | RUR | 2020 | 6.00 | 21,200 | 6.00 | 20,033 |
| European Bank for Reconstruction and Development | USD | 2013 | 8.14 | - | 8.14 | 183,087 |
| LLC "Collection agency "Life " | USD | 2013 | 9.08 | - | 8.73 | 60,977 |
| Total subordinated debt | | | | 2,361,404 | | 2,227,444 |

In case of bankruptcy or liquidation of the Group, the repayment of the subordinated debt shall be made after repayment in full of liabilities to all other creditors of the Group.

Covenants

The Group is obliged to comply with financial subordinated debt covenants established by European Bank for Reconstruction and Development.

The Group has not breached these covenants as at 31 December 2012.

PROBUSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013****30. OTHER LIABILITIES**

| | 2013 RUR'000 | 2012 RUR'000 |
|--|------------------|------------------|
| Payables to employees | 920,453 | 1,395,460 |
| Deferred fees for customer accounts maintenance | 246,740 | 290,219 |
| Taxes payable, other than income tax | 182,605 | 146,066 |
| Provisions for guarantees and other commitments | 128,539 | 131,099 |
| Deferred fees for credit operations | 123,382 | 120,941 |
| Liabilities on payments to the deposit insurance fund system | 77,529 | 74,307 |
| Leasing obligations | 464 | 626 |
| Other | 175,116 | 645,871 |
| Total other liabilities | 1,854,828 | 2,804,589 |

As at 31 December 2013 and 2012, financial liabilities within other liabilities consist of payables to employees and provisions for guarantees and other commitments amount to RUR 1,048,992 thousand and RUR 1,526,559 thousand respectively.

31. SHARE CAPITAL AND SHARE PREMIUM**Issued share capital and share premium**

The authorised, issued and outstanding share capital comprises 3,438,329 ordinary shares (2012: 3,438,329 ordinary shares). All shares have a nominal value of RUR 1,000.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the annual and general meetings of the Group.

The share capital that has been issued prior to 1 January 2003 was inflated in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies".

Dividends

Dividends payable are restricted to the maximum retained earnings of the Group, which are determined according to legislation of the Russian Federation. In accordance with the legislation of the Russian Federation, as at the reporting date, RUR 548,165 thousand reserves were available for distribution to common shareholders (2012: RUR 3,073,967 thousand). Reserves which were available for distribution for the purpose of IFRS recognised within retained earnings in the statement of financial position.

Express Volga Bank, a subsidiary of the Group, annually declares dividends on non-voting preferred shares held by non-controlling shareholders. The amount paid for 2013 was RUR 3,462 thousand (2012: RUR 383 thousand).

The Group's distributable reserves among shareholders are limited to the amount of its reserves as disclosed in its statutory accounts. Non-distributable reserves are represented by a reserve fund, which is created as required by the statutory regulations, in respect of general risks, including future losses and other unforeseen risks or contingencies. The reserve has been created in accordance with the Charter of the Group members that provide for the creation of a reserve for these purposes of not less than 5% of share capital reported in statutory books of each Group member.

PROBUSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

32. RISK MANAGEMENT

Management of risk is fundamental to the business of banking and is an essential element of the Group's operations. The major risks faced by the Group are those related to market risk, credit risk, liquidity risk and operational risk. Market risk includes price, interest rate and currency risks.

Risk management policies and procedures

The Group's risk management policies aim to identify, analyse and manage the risks faced by the Group, to set appropriate risk limits and controls, and to continuously monitor risk levels and adherence to limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions, products and services offered and emerging best practice.

The Strategic Committee of the Group has overall responsibility for the oversight of the risk management framework, overseeing the management of key risks and reviewing its risk management policies and procedures as well as approving significantly large exposures.

The Risk Department of the Group is responsible for monitoring and implementation of risk mitigation measures and making sure that the Group operates within the established risk parameters. The Head of Risk Department of the Group is responsible for the overall risk management and compliance functions, ensuring the implementation of common principles and methods for identifying, measuring, managing and reporting both financial and non-financial risks. He reports directly to the President of the Group.

Both external and internal risk factors are identified and managed throughout the Group's organisational structure. Particular attention is given to developing risk maps that are used to identify the full range of risk factors and serve as a basis for determining the level of assurance over the current risk mitigation procedures. Apart from the standard credit and market risk analysis, the Risk Department monitors financial and non-financial risks by holding regular meetings with operational units in order to obtain expert judgments in their areas of expertise.

Market risk

Market risk is the risk that movements in market prices, including foreign exchange rates, interest rates, credit spreads and equity prices will affect the Group's income or the value of its portfolios. Market risks comprise currency risk, interest rate risk and other price risk. Market risk arises from open positions in interest rate, currency and equity financial instruments, which are exposed to general and specific market movements and changes in the level of volatility of market prices.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimizing the return on risk.

The Group manages its market risk by setting open position limits in relation to financial instrument, interest rate maturity and currency positions and stop-loss limits which are set by the Strategic Committee of the Group. The Treasury Department and the Financial Markets Department manage market risks within these limits and the Risk Department monitors that the limits are complied.

The management of interest rates risk, a component of market risk, by monitoring interest rate gap is supplemented by monitoring the sensitivity of the Group's net interest margin to various standard and non-standard interest rate scenarios.

PROBUSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013****Interest rate risk**

Interest rate risk is the risk that movements in interest rates will affect the Group's income or the value of its portfolios of financial instruments.

The Group is exposed to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may also reduce or create losses in the event that unexpected movements arise.

Interest rate risk arises when the actual or forecasted assets of a given maturity period are either greater or less than the actual or forecasted liabilities in that maturity period.

An analysis of sensitivity of the Group's net profit for the period and equity to changes in interest rate repricing risk based on a simplified scenario of a 200 basis point (bp) symmetrical fall or rise in all yield curves and positions of interest-bearing assets and liabilities existing as at 31 December 2013 and 2012 is as follows:

| | 2013 | | 2012 | |
|----------------------|-----------------------|-------------------|-----------------------|-------------------|
| | Net profit RUR'000 | Equity RUR'000 | Net profit RUR'000 | Equity RUR'000 |
| 200 bp parallel fall | (431,132) | (431,132) | (411,654) | (411,654) |
| 200 bp parallel rise | 431,132 | 431,132 | 411,654 | 411,654 |

An analysis of sensitivity of the net profit for the period and equity as a result of changes in fair value of financial instruments at fair value through profit or loss and available-for-sale securities due to changes in the interest rates based on positions existing as at 31 December 2013 and 2012 and a simplified scenario of a 200 basis point (bp) symmetrical fall or rise in all yield curves is as follows:

| | 2013 | | 2012 | |
|----------------------|-----------------------|-------------------|-----------------------|-------------------|
| | Net profit RUR'000 | Equity RUR'000 | Net profit RUR'000 | Equity RUR'000 |
| 200 bp parallel fall | 3,001,942 | 3,001,942 | 2,723,428 | 2,723,428 |
| 200 bp parallel rise | (3,244,970) | (3,244,970) | (2,463,874) | (2,463,874) |

Currency risk

The Group has assets and liabilities denominated in several foreign currencies. Foreign currency risk arises when the actual or forecasted assets in a foreign currency are either greater or less than the liabilities in that currency. For further information on the Group's exposure to currency risk at year end refer to Note 42.

An analysis of sensitivity of the Group's net income for the year and equity to changes in the foreign currency exchange rates based on positions existing as at 31 December 2013 and 2012 and a simplified scenario of a 20% change in USD and Euro to Russian ruble exchange rates is as follows:

| | 2013 | | 2012 | |
|--|-----------------------|-------------------|-----------------------|-------------------|
| | Net profit RUR'000 | Equity RUR'000 | Net profit RUR'000 | Equity RUR'000 |
| 20% appreciation of USD against RUR | (125,816) | (125,816) | (24,305) | (24,305) |
| 20% depreciation of USD against RUR | 125,816 | 125,816 | 24,305 | 24,305 |
| 20% appreciation of EUR against RUR | (49,699) | (49,699) | (28,380) | (28,380) |
| 20% depreciation of EUR against RUR | 49,699 | 49,699 | 28,380 | 28,380 |

PROBUSBUSINESSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013****Price risk**

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments traded in the market. Price risk arises when the Group takes a long or short position in a financial instrument.

An analysis of sensitivity of the Group's net income for the year and equity to changes in equity securities prices based on positions existing as at 31 December 2013 and 2012 and a simplified scenario of a 10% change in all securities prices is as follows:

| | 2013 | | 2012 | |
|-----------------------------------|-----------------------|-------------------|-----------------------|-------------------|
| | Net profit RUR'000 | Equity RUR'000 | Net profit RUR'000 | Equity RUR'000 |
| 10% increase in securities prices | 1,097,196 | 1,097,196 | 913,882 | 913,952 |
| 10% decrease in securities prices | (1,097,196) | (1,097,196) | (913,882) | (913,952) |

Credit risk

Credit risk is the risk of financial loss occurring as a result of default by a borrower or counterparty on their obligation to the Group. The Group has developed policies and procedures for the management of credit exposures (both for on balance sheet and off balance sheet exposures), including guidelines to limit portfolio concentration and the establishment of the Risk Management Division, which actively monitors the Group's credit risk. The Group's credit policy is reviewed and approved by the Strategic Committee.

The Group's credit policy establishes:

- Procedures for review and approval of loan/credit applications;
- Methodology for the credit assessment of borrowers (corporate, SME and retail);
- Methodology for the credit assessment of counterparties, issuers and insurance companies;
- Methodology for the evaluation of collateral;
- Credit documentation requirements;
- Procedures for the ongoing monitoring of loans and other credit exposures.

Corporate loan/credit applications are originated by the relevant client managers and are then passed on to the Loan Department, which is responsible for the Group's corporate loan portfolio. Reports produced by the department's credit analysts are based on a structured analysis focusing on the customer's business and financial performance. The loan/credit application and the report are then independently reviewed by the Risk Department's Credit Risk Management Division and a second opinion is given accompanied by a check that credit policy requirements have been met. The Risk Management Division reviews the loan/credit application on the basis of submissions by the Loan Department. Individual transactions are also reviewed by the Group's Legal, Accounting and Tax departments depending on the specific risks and pending final approval of the Risk Management Division.

The Group continuously monitors the performance of individual credit exposures and regularly reassesses the creditworthiness of its customers. The review is based on the customer's most recent financial statements and other information submitted by the borrower, or otherwise obtained by the Group. The current market value of collateral is regularly assessed by either independent appraisal companies or the Group's specialists, and in the event of negative movements in market prices the borrower is usually requested to pledge additional security.

Retail loan/credit applications are reviewed by experienced loan officers who complete personal interviews with the applicants. Scoring systems support but do not define credit decisions. Key element of risk management is the loan officer's judgement on the ability and willingness of the customers to repay the loans.

PROBUSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

Apart from individual customer analysis, the whole credit portfolio is assessed by the Risk Department with regard to credit concentration and market risks.

The Group's maximum exposure to on balance sheet credit risk is generally reflected in the carrying amounts of financial assets on the balance sheet. The impact of possible netting of assets and liabilities to reduce potential credit exposure is not significant.

The Group monitors concentrations of credit risk by industry/sector and by geographic location. For the analysis of concentration of credit risk in respect of loans and advances to customers refer to Note 17 "Loans to customers".

Maximum Exposure

The Groups maximum exposure to credit risk varies significantly and is dependent on both individual risks and general market economy risks.

The following table presents the maximum exposure to credit risk of financial assets and contingent liabilities. For financial assets the maximum exposure equals to a carrying value of those assets prior to any offset or collateral. For financial guarantees and other contingent liabilities the maximum exposure to credit risk is the maximum amount the Group would have to pay if the guarantee was called on or in the case of commitments, if the loan amount was called on. In the table below equity securities were excluded as they are considered not to bear credit risk.

| | 31 December 2013 | | | | |
|---|------------------|--------|---------------------------|--------------------|--------------|
| | Maximum exposure | Offset | Net exposure after offset | Collateral pledged | Net exposure |
| Due from the Central Bank of the Russian Federation | 5,082,347 | - | 5,082,347 | - | 5,082,347 |
| Mandatory cash balances with the Central Bank of the Russian Federation | 1,268,350 | - | 1,268,350 | - | 1,268,350 |
| Placements with banks and other financial institutions | 19,605,045 | - | 19,605,045 | - | 19,605,045 |
| Financial assets at fair value through profit or loss | 39,289,721 | - | 39,289,721 | - | 39,289,721 |
| Amount receivable under reverse repurchase agreements | 6,440 | - | 6,440 | - | 6,440 |
| Loans to customers | 59,539,207 | 59,211 | 59,479,996 | 17,394,988 | 42,084,998 |
| Held-to-maturity investments | 1,498,474 | - | 1,498,474 | - | 1,498,474 |
| Other financial assets | 128,924 | - | 128,924 | - | 128,924 |
| Guarantees issued and similar commitments | 12,924,271 | - | 12,924,271 | - | 12,924,271 |
| Letters of credit and other contingencies | 1,217,910 | - | 1,217,910 | 280,392 | 937,518 |
| Unused loan commitments | 3,494,113 | - | 3,494,113 | - | 3,494,113 |

PROBUSBUSINESSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

| | 31 December 2012 | | | | |
|---|------------------|---------|---------------------------|--------------------|--------------|
| | Maximum exposure | Offset | Net exposure after offset | Collateral pledged | Net exposure |
| Due from the Central Bank of the Russian Federation | 22,096,317 | - | 22,096,317 | - | 22,096,317 |
| Mandatory cash balances with the Central Bank of the Russian Federation | 1,489,138 | - | 1,489,138 | - | 1,489,138 |
| Placements with banks and other financial institutions | 14,574,770 | - | 14,574,770 | - | 14,574,770 |
| Financial assets at fair value through profit or loss | 22,807,709 | - | 22,807,709 | - | 22,807,709 |
| Loans to customers | 67,164,395 | 609,861 | 66,554,534 | 19,299,103 | 47,255,431 |
| Other financial assets | 191,035 | - | 191,035 | - | 191,035 |
| Guarantees issued and similar commitments | 28,490,386 | - | 28,490,386 | - | 28,490,386 |
| Letters of credit and other contingencies | 3,749,142 | - | 3,749,142 | 125,433 | 3,623,709 |
| Unused loan commitments | 5,319,170 | - | 5,319,170 | - | 5,319,170 |

Financial assets are graded according to the current credit rating they have been issued by an internationally regarded agency. The highest possible rating is AAA. Investment grade financial assets have ratings from AAA to BBB. Financial assets which have ratings lower than BBB are classed as speculative grade.

The following table details the credit ratings of unimpaired financial assets(*), excluding loans to customers, held by the Group. In the table below equity securitites were excluded as they are considered not to bear credit risk.

| | 31 December 2013 | | | | | |
|---|------------------|-----------|-----------|------------|--------|------------|
| | AAA | AA | A | BBB | <BBB | Not rated |
| Due from the Central Bank of the Russian Federation | - | - | - | 5,082,347 | - | - |
| Mandatory cash balances with the Central Bank of the Russian Federation | - | - | - | 1,268,350 | - | - |
| Placements with banks and other financial institutions | - | 2,002,685 | 1,800,725 | 3,409,401 | 73,120 | 12,319,114 |
| Financial assets at fair value through profit or loss | 1,707,001 | 1,308,953 | - | 35,815,675 | 1,267 | 456,825 |
| Amount receivable under reverse repurchase agreements | - | - | - | 6,440 | - | - |
| Loans to customers | - | - | - | - | - | 59,539,207 |
| Held-to-maturity investments | - | - | - | 1,498,474 | - | - |
| Other financial assets | - | - | - | - | - | 128,924 |

| | 31 December 2012 | | | | | |
|---|------------------|-----------|-----------|------------|---------|------------|
| | AAA | AA | A | BBB | <BBB | Not rated |
| Due from the Central Bank of the Russian Federation | - | - | - | 22,096,317 | - | - |
| Mandatory cash balances with the Central Bank of the Russian Federation | - | - | - | 1,489,138 | - | - |
| Placements with banks and other financial institutions | - | 2,759,744 | 2,152,405 | 2,898,654 | 1,600 | 6,762,367 |
| Financial assets at fair value through profit or loss | 622,463 | - | 219,834 | 21,607,425 | 357,987 | - |
| Loans to customers | - | - | - | - | - | 67,164,365 |
| Other financial assets | - | - | - | - | - | 191,035 |

(*)The above unimpaired financial assets are classified based on the information provided by the international credit rating agencies – "Moody's", "Fitch", "Standard & Poor's".

PROBUSINESSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

The following table provides an analysis Placements with banks and other financial institutions that are not rated. The Group classified such placements in two categories according to internal ratings assigned to financial institutions:

- The "S – Standard" category with low credit risk includes placements with no past due status that are granted to financial institutions that have perfect credit history with the Group and other creditors; that proved to be profitable and well performing businesses with no signs of decline of their financial sustainability;
- The "O- overdue" category includes Placements with banks and other financial institutions that are overdue and with bad financial performance.

| | 2013 RUR'000 | 2012 RUR'000 |
|--|-------------------|------------------|
| Not rated placements with banks and other financial institutions | | |
| Standard | 12,319,114 | 6,762,367 |
| Overdue | - | - |
| | 12,319,114 | 6,762,367 |

The following table provides an analysis of loans to corporate customers that are classified in three categories according to internal ratings assigned to borrowers:

- The "N – Normal" category with low credit risk includes loans with no past due status that are granted to borrowers that have perfect credit history with the Group and other creditors; that proved to be profitable and well performing businesses with no signs of decline of their financial sustainability;
- The "W – watch list" category with temperate credit risk includes loans with no past due status that are granted to borrowers with good credit history with the Group and other creditors with minor exceptions in the past; that proved to be well performing businesses in the past but average financial performance at the moment;
- The "P – poor" category includes loans that are not overdue but with bad financial performance at the moment and loans that are overdue.

| | N (Normal) | W (Watch list) | P (Poor) | Total 31 December 2013 |
|---|-------------------|-------------------|------------------|------------------------------|
| Loan to legal entities and financing receivables | 17,923,120 | 2,191,993 | 4,627,068 | 24,742,181 |
| Provision for impairment | (207,033) | (26,185) | (3,318,529) | (3,551,747) |
| Total loans to corporates | 17,716,087 | 2,165,808 | 1,308,539 | 21,190,434 |

| | N (Normal) | W (Watch list) | P (Poor) | Total 31 December 2012 |
|---|-------------------|-------------------|------------------|------------------------------|
| Loan to legal entities and financing receivables | 22,085,919 | 1,990,559 | 4,037,278 | 28,113,756 |
| Provision for impairment | (300,684) | (75,805) | (2,683,958) | (3,060,447) |
| Total loans to corporates | 21,758,949 | 1,982,250 | 1,312,109 | 25,053,308 |

PROBUSBUSINESSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

The following table provides an analysis of loans to individuals that are classified in six categories according to internal ratings assigned to borrowers:

- "Not past due" category with low credit risk includes loans with no past due status that are granted to individuals that have perfect credit history with the Group.
- Overdue 1-5 days, Overdue 5-35 days, Overdue 35-65 days, and Overdue more than 65 days categories includes loans that are overdue during appropriate days.
- Recovered category with high credit risk which was overdue more than 65 days, however borrowers started repayment of overdue debts and made two last regular payments without delay.

Credit quality of the loans to individuals

| | Gross loans | Provision for impairment | Net loans 31 December 2013 |
|---------------------------|--------------------|---------------------------------|---|
| Not past due | 34,314,039 | (227,749) | 34,086,290 |
| Overdue 1-5 days | 502,223 | (69,712) | 432,511 |
| Overdue 5-35 days | 1,228,868 | (193,841) | 1,035,027 |
| Overdue 35-65 days | 739,184 | (288,540) | 450,644 |
| Recovered | 2,130,657 | (939,182) | 1,191,475 |
| Overdue more than 65 days | 4,007,308 | (2,854,482) | 1,152,826 |
| Total retail loans | 42,922,279 | (4,573,506) | 38,348,773 |

| | Gross loans | Provision for impairment | Net loans 31 December 2012 |
|---------------------------|--------------------|---------------------------------|---|
| Not past due | 39,882,722 | (133,750) | 39,748,972 |
| Overdue 1-5 days | 211,329 | (21,336) | 189,993 |
| Overdue 5-35 days | 816,129 | (102,181) | 713,948 |
| Overdue 35-65 days | 503,889 | (128,066) | 375,823 |
| Recovered | 2,542,084 | (1,886,377) | 655,707 |
| Overdue more than 65 days | 1,424,718 | (998,075) | 426,643 |
| Total retail loans | 45,380,871 | (3,269,785) | 42,111,086 |

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet its commitments. Liquidity risk exists when the maturities of assets and liabilities do not match. The matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of financial institutions, including the Group. It is unusual for financial institutions ever to be completely matched since business transacted is often of an uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

The Group maintains liquidity management with the objective of ensuring that funds will be available at all times to honor all cash flow obligations as they become due. The Group's liquidity policy is reviewed and approved by the Strategic Committee.

The Group seeks to actively support a diversified and stable funding base comprising debt securities in issue, long-term and short-term loans from other banks, core corporate and retail customer deposits, accompanied by diversified portfolios of highly liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements.

PROBUSINESSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

The liquidity management policy of the Group requires:

- Projecting cash flows by major currencies and considering the level of liquid assets necessary in relation thereto;
- Maintaining a diverse range of funding sources;
- Managing the concentration and profile of debts;
- Maintaining debt financing plans;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any interruption to cash flow;
- Maintaining liquidity and funding contingency plans;
- Monitoring liquidity ratios against regulatory requirements.

The Treasury Department receives information from business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. The Treasury Department then provides for an adequate portfolio of short-term liquid assets to be maintained, largely made up of short-term liquid trading securities, loans to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Group as a whole.

The daily liquidity position is monitored and regular liquidity stress testing under a variety of scenarios covering both normal and more severe market conditions is performed by the Treasury Department. Under normal market conditions, liquidity reports covering the liquidity position of the Group are presented to senior management on a weekly basis. Decisions on the Group's liquidity management are made by Treasury Department within standards and rules set by the Strategic Committee of the Group.

The Group also calculates mandatory liquidity ratios on a daily basis in accordance with the requirement of the CBRF. The Group was in compliance with these ratios as at 31 December 2013 and 2012.

The following tables show the undiscounted cash flows on the Group's financial liabilities and unrecognized loan commitments on the basis of their earliest possible contractual maturity. The total gross amount (inflow)/outflow disclosed in the table is the contractual, undiscounted cash flow on the financial liability or commitment. The Group's expected cash flows on these financial liabilities and unrecognized loan commitments may vary significantly from this analysis.

PROBUSBUSINESSBANK GROUP

NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

The gross undiscounted cash flows of the Group as at 31 December 2013 were as follows:

| RUR'000 | Demand and less than 1 month | From 1 to 3 months | From 3 to 6 months | From 6 to 12 months | 1 year to 3 years | Over 3 years | Total gross amount outflow | Carrying amount |
|--|------------------------------------|-----------------------|-----------------------|------------------------|----------------------|------------------|-------------------------------------|--------------------|
| Liabilities | | | | | | | | |
| Financial liabilities at fair value through profit or loss | 1,374,568 | - | - | - | - | - | 1,374,568 | 1,374,568 |
| Deposits and balances from banks and other financial institutions | 3,576,117 | 2,291,032 | 738,594 | 1,554,595 | 120,361 | 56,767 | 8,338,466 | 8,119,059 |
| Amounts payable under repurchase agreements | 1,883,065 | - | - | - | - | - | 1,883,065 | 1,883,065 |
| Current accounts and deposits from customers | 32,565,253 | 8,526,404 | 12,897,270 | 24,667,365 | 39,191,563 | 10,582 | 117,858,437 | 110,582,224 |
| Debt securities issued | 955,251 | 417,367 | 899,949 | 1,369,663 | 2,714,637 | 138 | 6,357,025 | 6,506,989 |
| Other borrowed funds | 1,235 | 194,420 | 360,563 | 104,876 | 1,220,526 | - | 1,881,620 | 1,785,462 |
| Subordinated debt | 14,467 | 26,934 | 43,401 | 196,948 | 316,193 | 3,024,617 | 3,624,560 | 2,361,404 |
| Other liabilities | 158,484 | 271,367 | - | 1,108,633 | 5,200 | - | 1,543,684 | 1,543,684 |
| Total | 40,528,420 | 11,729,564 | 14,940,777 | 29,002,080 | 43,568,480 | 3,092,104 | 142,861,425 | 133,467,599 |
| Credit related commitments | 1,555,546 | 1,061,115 | 190,369 | 225,273 | 155,323 | 306,487 | 3,494,113 | 3,494,113 |

The gross undiscounted cash flows of the Group as at 31 December 2012 were as follows:

| RUR'000 | Demand and less than 1 month | From 1 to 3 months | From 3 to 6 months | From 6 to 12 months | 1 year to 3 years | Over 3 years | Total gross amount outflow | Carrying amount |
|--|------------------------------------|-----------------------|-----------------------|------------------------|----------------------|------------------|-------------------------------------|--------------------|
| Liabilities | | | | | | | | |
| Financial liabilities at fair value through profit or loss | 22,106 | - | - | - | - | - | 22,106 | 22,106 |
| Deposits and balances from banks and other financial institutions | 2,765,419 | 2,358,623 | 763,731 | 1,967,575 | 1,853,415 | 12,506 | 9,721,269 | 8,518,421 |
| Amounts payable under repurchase agreements | 3,529,814 | - | - | - | - | - | 3,529,814 | 3,529,814 |
| Current accounts and deposits from customers | 29,895,189 | 3,791,602 | 5,638,950 | 25,686,258 | 60,933,387 | 5,467 | 125,950,853 | 117,327,584 |
| Debt securities issued | 2,468,963 | 1,526,367 | 1,559,537 | 1,676,747 | 2,921,503 | 2,674,388 | 12,827,505 | 7,852,875 |
| Other borrowed funds | - | - | 304,724 | 300,566 | 820,828 | 920,440 | 2,346,558 | 2,120,851 |
| Subordinated debt | 12,390 | 24,780 | 37,171 | 327,826 | 376,927 | 2,653,559 | 3,432,653 | 2,227,444 |
| Current income tax liability | - | 100,226 | - | - | - | - | 100,226 | 100,226 |
| Other liabilities | 211,818 | 362,340 | - | 2,223,809 | 6,622 | - | 2,804,589 | 2,804,589 |
| Total | 38,905,699 | 8,163,938 | 8,304,113 | 32,182,781 | 66,912,682 | 6,266,360 | 160,735,573 | 144,503,910 |
| Credit related commitments | 2,412,542 | 2,435,426 | 94,958 | 135,273 | 96,273 | 144,598 | 5,319,170 | 5,319,170 |

PROBUSBUSINESSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

The previous tables show the undiscounted cash flows on the Group's non-derivative financial liabilities, including issued credit related commitments on the basis of their earliest possible contractual maturity. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called. The Group's expected cash flows on these instruments vary significantly from this analysis. For example, demand deposits from customers are expected to maintain a stable or increasing balance and unrecognised loan commitments are not all expected to be drawn down immediately.

Operational Risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff education and assessment processes.

33. CAPITAL MANAGEMENT

The CBRF sets and monitors capital requirements for the Bank.

The Bank defines as capital those items defined by statutory regulation as capital for credit institutions. Under the current capital requirements set by the CBRF, banks have to maintain a ratio of capital to risk weighted assets (statutory capital ratio) above the prescribed minimum level. As at 31 December 2013 and 2012, this minimum level is 10%. The Bank is in compliance with the statutory capital ratio during the years ended 31 December 2013 and 2012.

The Group also monitors its capital adequacy levels calculated in accordance with the requirements of the Basel Accord, as defined in the International Convergence of Capital Measurement and Capital Standards (updated April 1998) and Amendment to the Capital Accord to incorporate market risks (updated November 2007), commonly known as Basel I.

The following table shows the composition of the capital position calculated in accordance with the requirements of the Basel Accord, as at 31 December 2013 and 2012:

| | 2013 RUR'000 | 2012 RUR'000 |
|--|--------------------|--------------------|
| Tier 1 capital | | |
| Share capital | 4,417,399 | 4,417,399 |
| Share premium | 1,237,031 | 1,237,031 |
| Retained earnings | 10,253,091 | 7,996,849 |
| Minority interest | 73,724 | 78,826 |
| Goodwill | (252,676) | (252,676) |
| Total tier 1 capital | 15,728,569 | 13,477,429 |
| Tier 2 capital | | |
| Revaluation reserve for property and equipment | 855,001 | 728,217 |
| Revaluation reserve of available-for-sale securities | (617) | (977) |
| Additional paid-in capital | 521,580 | 592,200 |
| Subordinated debt and subordinated loan participation notes | 3,043,417 | 3,009,881 |
| Total tier 2 capital | 4,419,381 | 4,329,321 |
| Total capital | 20,147,950 | 17,806,750 |
| Risk-weighted assets | 164,888,439 | 173,798,647 |
| Total capital expressed as a percentage of risk-weighted assets (total capital ratio) | 12.22% | 10.25% |
| Total tier 1 capital expressed as a percentage of risk-weighted assets (tier 1 capital ratio) | 9.54% | 7.75% |

PROBUSINESSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

The risk-weighted assets are measured by means of a hierarchy of risk weights classified according to the nature of – and reflecting an estimate of credit, market and other risks associated with – each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

The Basel Accord recommends that the minimum capital adequacy of 8% for total capital and 4% for Tier 1 for risk-weighted assets be exceeded. As at 31 December 2013 and 2012, the Group complied with Basel capital requirements.

34. COMMITMENTS

The Group has outstanding commitments to extend loans. These commitments take the form of approved loans and credit card limits and overdraft facilities.

The Group provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. These agreements have fixed limits and generally extend for a period of up to five years. The Group also provides guarantees by acting as settlement agent in securities borrowing and lending transactions.

The contractual amounts of commitments are set out in the following table by category. The amounts reflected in the table for commitments assume that amounts are fully advanced. The amounts reflected in the table for guarantees and letters of credit represent the maximum accounting loss that would be recognised at the reporting date if counterparties failed completely to perform as contracted.

As at 31 December 2013 and 2012, the nominal or contract amounts and risk-weighted amounts were:

| | 31 December 2013 | | 31 December 2012 | |
|--|-------------------|----------------------|-------------------|----------------------|
| | Nominal amount | Risk-weighted amount | Nominal amount | Risk-weighted amount |
| Contingent liabilities and credit commitments | | | | |
| Guarantees issued and similar commitments | 12,924,271 | 12,651,696 | 28,490,386 | 27,774,166 |
| Letters of credit and other contingencies | 1,217,910 | 937,518 | 3,749,142 | 3,623,709 |
| Unused loan commitments | 3,494,113 | 3,494,113 | 5,319,170 | 5,319,170 |
| Total contingent liabilities and credit commitments | 17,636,294 | 17,083,327 | 37,558,698 | 36,717,045 |

The total outstanding contractual commitments above do not necessarily represent future cash requirements, as these commitments may expire or terminate without being funded.

As at 31 December 2013 and 2012, the Group had no capital commitments and operating lease commitments.

PROBUSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

35. CONTINGENCIES**Legal proceedings**

From time to time and in the normal course of business, claims against the Group are received from customers and counterparties. Management is of the opinion that no material unaccrued losses will be incurred and accordingly no provision has been made in these consolidated financial statements.

Taxation

Commercial legislation of the RF and countries where the Group operates, including tax legislation, may allow more than one interpretation. In addition, there is a risk of tax authorities making arbitrary judgments of business activities. If a particular treatment, based on management's judgment of the Group's business activities, was to be challenged by the tax authorities, the Group may be assessed additional taxes, penalties and interest.

Such uncertainty may relate to the valuation of financial instruments, valuation of provision for impairment losses and the market pricing of deals. Additionally such uncertainty may relate to the valuation of temporary differences on the provision and recovery of the provision for impairment losses on loans to customers and receivables, as an underestimation of the taxable profit. The management of the Group believes that it has accrued all tax amounts due and therefore no allowance has been made in the consolidated financial statements.

Operating environment

Emerging markets such as Russia are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Russia continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Russia is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

Because Russia produces and exports large volumes of oil and gas, Russia's economy is particularly sensitive to the price of oil and gas on the world market that fluctuated significantly during 2013 and 2012.

In March 2014, sanctions have been imposed by the U.S. and E.U. on certain Russian officials, businessmen and companies. These official actions, particularly if further extended, may result in reduced access of the Russian businesses to international capital and export markets, capital flight, weakening of the Ruble and other negative economic consequences. The impact of these developments on future operations and financial position of the Group is at this stage difficult to determine.

36. CUSTODY ACTIVITIES

The Group provides custody services to its customers, whereby it holds securities on behalf of customers and receives fee income for providing these services. These securities are not assets of the Group and are not recognised in the consolidated statement of financial position. As at 31 December 2013 and 2012, the Group has customer securities amounting to 3,713,610,219 items and 2,448,966,378 items respectively in its nominal holder accounts.

PROBUSINESSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013****37. RELATED PARTY TRANSACTIONS****Control relationships**

The ultimate shareholders of the Group are disclosed in Note 1.

Transactions with key management personnel

Total remuneration included in personnel expenses (refer to Note 13):

| | 2013 RUR'000 | 2012 RUR'000 |
|--------------------|-----------------|-----------------|
| Total remuneration | 555,689 | 566,614 |

The outstanding balances and average interest rates as of 31 December for transactions with key management personnel are as follows:

| | 2013 RUR'000 | Average interest rate, % | 2012 RUR'000 | Average interest rate, % |
|---|-----------------|-----------------------------|-----------------|-----------------------------|
| Consolidated statement of financial position | | | | |
| ASSETS | | | | |
| Loans to customers | 88,618 | 13.59% | 95,953 | 14.29% |
| Provision for impairment | (7,181) | - | (1,404) | - |
| Off balance sheet guarantees | 1,473 | - | 1,367 | - |
| LIABILITIES | | | | |
| Current accounts and deposits from customers | 240,962 | 4.47% | 242,687 | 5.16% |

Amounts included in the statement of profit or loss and other comprehensive income in relation to transactions with key management personnel for the year ended 31 December 2013 and 2012 are as follows:

| | 2013 RUR'000 | 2012 RUR'000 |
|---|-----------------|-----------------|
| The statement of profit or loss and other comprehensive income | | |
| Interest income | 13,036 | 12,416 |
| Interest expense | (21,179) | (10,506) |
| Fee and commission income | 69 | 35 |
| Impairment losses | (5,778) | (266) |

PROBUSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013****Transactions with other related parties**

Other related parties include associates, companies under common control and entities with significant influence over the Group. The outstanding balances and the related average interest rates as of 31 December 2013 and related profit or loss amounts of transactions for the year ended 31 December 2013 with other related parties are as follows.

| | Entities with significant influence over the Group | | Associates and companies under common control | | |
|---|---|--------------------------|--|--------------------------|------------------|
| | RUR'000 | Average interest rate | RUR'000 | Average interest rate | Total RUR'000 |
| Consolidated statement of financial position | | | | | |
| ASSETS | | | | | |
| Loans to customers | | | | | |
| Principal balance with interest | - | - | 253,725 | 10.00% | 253,725 |
| Provision for impairment | - | - | (65,826) | - | (65,826) |
| LIABILITIES | | | | | |
| Current accounts and deposits from customers | 48,460 | 8.37% | 9,819 | 6.08% | 58,278 |
| Profit or loss | | | | | |
| Interest income | - | - | 3,537 | - | 3,537 |
| Interest expense | 5,684 | - | 207 | - | 5,891 |
| Fee and commission income | 12 | - | 79 | - | 91 |
| Impairment losses | - | - | (65,154) | - | (65,154) |

The outstanding balances and the related average interest rates as of 31 December 2012 and related profit or loss amounts of transactions for the year ended 31 December 2012 with other related parties are as follows.

| | Entities with significant influence over the Group | | Associates and companies under common control | | |
|---|---|--------------------------|--|--------------------------|------------------|
| | RUR'000 | Average interest rate | RUR'000 | Average interest rate | Total RUR'000 |
| Consolidated statement of financial position | | | | | |
| ASSETS | | | | | |
| Loans to customers | | | | | |
| Principal balance with interest | - | - | 40,602 | 10.37% | 40,602 |
| Provision for impairment | - | - | (672) | - | (672) |
| LIABILITIES | | | | | |
| Current accounts and deposits from customers | 73.662 | 8.81% | 5.662 | - | 79.324 |
| Profit or loss | | | | | |
| Interest income | 52 | - | 3,317 | - | 3,369 |
| Interest expense | 3,518 | - | 399 | - | 3,917 |
| Fee and commission income | 24 | - | 130 | - | 154 |
| Impairment losses | - | - | (653) | - | (653) |

PROBUSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013****38. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents at the end of the financial year as shown in the consolidated statement of cash flows are composed of the following items:

| | 2013 RUR'000 | 2012 RUR'000 |
|--|-------------------|-------------------|
| Cash | 6,267,061 | 5,629,192 |
| Due from the Central Bank of the Russian Federation – nostro accounts | 5,082,347 | 22,096,317 |
| Placements with OECD banks with original maturity within 3 month | 1,317,574 | 1,532,593 |
| Nostro accounts of OECD banks | 3,276,978 | 2,307,112 |
| Placements with Banks of the Russian Federation with initial maturity within 3 month | 1,959,258 | 1,371,917 |
| Nostro accounts with Banks of the Russian Federation | 11,414,514 | 7,838,369 |
| Cash equivalents of discontinued operations classified as held for sale | 8,383,583 | 4,835,454 |
| | 37,701,315 | 45,610,954 |

39. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The estimated fair values of cash, mandatory cash balances with the CBRF, and placements with banks and other financial institutions are their carrying values.

The estimated fair value of financial instruments at fair value through profit or loss and quoted available-for-sale securities are based on quoted market prices at the reporting date without any deduction for transaction costs.

The estimated fair values of all other financial assets and liabilities are calculated using discounted cash flow techniques based on estimated future cash flows and discount rates for similar instruments at the reporting date.

Valuation techniques

The Group uses a number of methodologies to determine the fair values of financial instruments for which observable prices in active markets for identical instruments are not available. These techniques include: relative value methodologies based on observable prices for similar instruments; present value approaches where future cash flows from the asset or liability are estimated and then discounted using a risk-adjusted interest rate.

The principal inputs to these valuation techniques are listed below. Values between and beyond available data points are obtained by interpolation and extrapolation. When utilising valuation techniques, the fair value can be significantly affected by the choice of valuation model and by underlying assumptions concerning factors such as the amounts and timing of cash flows, discount rates and credit risk.

Bond prices – quoted prices are generally available for government bonds, certain corporate securities and some mortgage-related products.

Interest rates – these are principally benchmark interest rates or internal Bank rates effective as at reporting date and quoted interest rates in the swap, bond and futures markets.

Foreign currency exchange rates – there are observable markets both for spot and forward contracts and futures in the world's major currencies.

Equity and equity index prices – quoted prices are generally readily available for equity shares listed on the world's major stock exchanges and for major indices on such shares.

PROBUSINESSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

Commodity prices – many commodities are actively traded in spot and forward contracts and futures on exchanges in London, New York and other commercial centres.

In order to determine a reliable fair value, where appropriate, management applies valuation adjustments to the pricing information gathered from the above sources. Furthermore, on an ongoing basis, the Group assesses the appropriateness of any model used.

Financial assets and liabilities

The following methods and significant assumptions have been applied to estimate the fair values of following financial instruments:

Cash and balances with the CBRF and minimum reserve deposit with the CBRF, due to the short-term environment and availability restrictions of these types of assets, the carrying amount is assumed to be reasonable estimate of their fair value.

The estimated fair value of quoted trading securities and derivative financial instruments, comprising financial assets at fair value through profit or loss category, is determined based on quoted active market prices at the reporting date.

The fair value of loans and advanced to banks and loans to customers for loans provided during the period of one month to the reporting date is assumed to be fair value amount for them. The fair value of the other loans is estimated by application of market interest rates when the loans were originated with the year-end market rates offered on similar deposits with the deduction of the allowances for credit losses from the calculated fair value amounts. The estimated fair value of promissory notes and bonds comprising investments available-for-sale category is determined based on the quoted market prices. Investments in equity instruments, which do not have quoted market prices in an active market are measured at cost, as their fair value can not be measured reliably.

Other financial assets and liabilities is mainly represented by short-term receivables and payables, therefore the carrying amount is assumed to be reasonable estimate of their fair value.

The fair value of term deposits (included in customer accounts and deposits from banks) for term deposits placed during the period of one month to the reporting date is assumed to be fair value amount for them. The fair value of the other term deposits is estimated by application of market interest rates when the deposits were placed with the year-end market rates offered on similar deposits. The carrying amount of current customer accounts is assumed to be reasonable estimate of their fair value due to the short-term environment and availability requirements of these types of liability.

The fair value of issued bonds, Eurobonds, promissory notes and subordinated liabilities is based on quoted prices. Where these are not available, fair value is based on expected cash flows discounted using market interest rates for similar securities or funds whose market rates are quoted.

The valuation techniques have been consistently applied by the Group across the years.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

PROBUSINESSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

The Management of the Group believes fair values of all financial instruments, except as described below, approximate their carrying values.

| | 2013 RUR'000 Carrying value | 2013 RUR'000 Fair value | 2012 RUR'000 Carrying value | 2012 RUR'000 Fair value |
|--|-----------------------------------|-------------------------------|-----------------------------------|-------------------------------|
| ASSETS | | | | |
| Loans to customers | 59,539,207 | 57,895,552 | 67,164,395 | 67,433,515 |
| Held-to-maturity investments | 1,498,474 | 1,488,379 | - | - |
| LIABILITIES | | | | |
| Deposits and balances from banks and other financial institutions | 8,119,059 | 8,096,633 | 8,518,421 | 8,267,762 |
| Current accounts and deposits from customers | 110,582,224 | 110,933,989 | 117,327,564 | 117,135,498 |
| Debt securities issued | 5,506,989 | 5,501,336 | 7,852,875 | 7,818,474 |
| Other borrowed funds | 1,785,462 | 1,758,160 | 2,120,851 | 2,149,905 |
| Subordinated debt | 2,361,404 | 2,329,757 | 2,227,444 | 2,197,013 |

| | Level 1 | Level 2 | Level 3 | 31 December 2013 Total |
|--|-----------|-------------|---------|------------------------------|
| ASSETS | | | | |
| Loans to customers | - | 57,895,552 | - | 57,895,552 |
| Held-to-maturity investments | 1,488,379 | - | - | 1,488,379 |
| LIABILITIES | | | | |
| Deposits and balances from banks and other financial institutions | - | 8,096,633 | - | 8,096,633 |
| Current accounts and deposits from customers | - | 110,933,989 | - | 110,933,989 |
| Debt securities issued | - | 5,501,336 | - | 5,501,336 |
| Other borrowed funds | - | 1,758,160 | - | 1,758,160 |
| Subordinated debt | - | 2,329,757 | - | 2,329,757 |

The fair values of the financial assets and financial liabilities included in the level 2 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Valuation hierarchy

The tables below show the financial instruments carried at fair value by hierarchy – level 1, level 2 and level 3. The valuation techniques, main assumptions used in the valuation of these instruments and reasonably possible increases or decreases in fair value based on reasonably possible alternative assumptions for level 3 financial instruments are set out below.

Quoted prices in an active market (Level 1): Valuations based on quoted prices in active markets that the Group has the ability to access for identical assets or liabilities. Valuation adjustments and block discounts are not applied to these financial instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuations of these products does not entail a significant amount of judgment.

PROBUSINESSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

Valuation techniques using observable inputs (Level 2) – Valuations based on inputs for which all significant inputs are observable, either directly or indirectly and valuations based on one or more observable quoted prices for orderly transactions in markets that are not considered active.

Valuation techniques incorporating information other than observable market data (Level 3) – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

There were no significant transfers to or from Level 1, Level 2 or Level 3 of the fair value hierarchy during the period.

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

| | Fair value as at | | Fair value hierarchy | Valuation technique(s) and key input(s) | Significant unobservable input(s) | Relationship of unobservable inputs to fair value |
|---|-------------------|-------------------|----------------------|---|-----------------------------------|---|
| | December 31, 2013 | December 31, 2012 | | | | |
| Financial assets | | | | | | |
| 1) Financial instruments at fair value through profit or loss (see Note 16) | 40,418,105 | 25,977,577 | Level 1 | Quoted bid prices in an active market. | N/A | N/A |
| 2) Financial instruments at fair value through profit or loss (see Note 16) | 209,872 | 42,673 | Level 2 | Quoted bid prices in an active market and foreign currency exchange rates | N/A | N/A |
| Financial liabilities | | | | | | |
| 3) Financial instruments at fair value through profit or loss (see Note 16) | 1,311,503 | - | Level 1 | Quoted bid prices in an active market. | N/A | N/A |
| 4) Financial instruments at fair value through profit or loss (see Note 16) | 63,065 | 22,106 | Level 2 | Quoted bid prices in an active market and foreign currency exchange rates | N/A | N/A |

The Group does not have any financial instruments for which fair value is based on valuation techniques involving the use of non-market observable inputs. The table above does not include available-for-sale securities, as those are carried at cost.

PROBUSINESSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013****40. AVERAGE EFFECTIVE INTEREST RATES**

The table below displays average effective interest rates for interest bearing assets and liabilities as at 31 December 2013 and 2012. These interest rates are an approximation of the yields to maturity of these assets and liabilities.

| Interest bearing assets | Value RUR'000 | 2013 Average effective interest rate | Value RUR'000 | 2012 Average effective interest rate |
|--|------------------|--|------------------|--|
| Placements with banks and other financial institutions | | | | |
| <i>Loans and deposits</i> | | | | |
| - RUR | 1,570,121 | 9.88% | 1,099,636 | 9.09% |
| - USD | 3,343,431 | 1.72% | 3,326,211 | 2.03% |
| Financial instruments at fair value through profit or loss | | | | |
| - RUR | 24,519,427 | 7.40% | 13,040,978 | 7.83% |
| - USD | 14,560,422 | 6.95% | 9,724,058 | 8.11% |
| Amounts receivable under reverse repurchase agreements | | | | |
| - RUR | 6,440 | 8.95% | - | - |
| Loans to customers | | | | |
| - RUR | 58,717,456 | 29.10% | 65,864,513 | 28.81% |
| - USD | 782,602 | 17.18% | 1,143,834 | 13.42% |
| - other currencies | 39,149 | 12.59% | 156,048 | 11.66% |
| Held-to-maturity investments | | | | |
| - RUR | 1,498,474 | 6.97% | - | - |
| Interest bearing liabilities | | | | |
| Deposits and balances from banks and other financial institutions | | | | |
| <i>Term deposits</i> | | | | |
| - RUR | 5,779,389 | 9.56% | 6,586,235 | 9.44% |
| - USD | 828,441 | 3.36% | 574,458 | 2.36% |
| - other currencies | 450,703 | 4.77% | 390,489 | 2.91% |
| Amounts payable under repurchase agreements | | | | |
| - RUR | 1,216,420 | 5.50% | 3,529,814 | 5.90% |
| - USD | 666,645 | 1.77% | - | - |
| Current accounts and deposits from customers | | | | |
| <i>Term deposits of legal entities</i> | | | | |
| - RUR | 13,054,160 | 10.66% | 12,800,191 | 9.86% |
| - USD | 1,462,720 | 3.90% | 3,035,031 | 5.36% |
| - other currencies | 607,381 | 4.58% | 781,215 | 5.72% |
| <i>Term deposits of individuals</i> | | | | |
| - RUR | 54,883,050 | 8.65% | 60,055,362 | 8.85% |
| - USD | 9,076,342 | 5.68% | 8,632,638 | 6.08% |
| - other currencies | 4,684,051 | 5.58% | 4,886,659 | 6.07% |
| Debt securities issued | | | | |
| - RUR | 2,474,123 | 8.82% | 2,888,014 | 8.06% |
| - USD | 2,865,645 | 10.39% | 2,531,469 | 10.73% |
| - other currencies | 141,753 | 6.18% | 296,045 | 5.78% |
| Other borrowed funds | | | | |
| - RUR | - | - | 523,315 | 19.50% |
| - EURO | 1,721,530 | 4.37% | 1,501,021 | 3.02% |
| - other currencies | 63,932 | 5.25% | 96,515 | 5.25% |
| Subordinated debt | | | | |
| - RUR | 495,839 | 8.41% | 494,687 | 8.41% |
| - USD | 1,865,565 | 7.13% | 1,732,757 | 7.37% |

PROBUSBANK GROUP

NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

41. MATURITY ANALYSIS

The following table show assets and liabilities of the Group by their remaining contractual maturity as at 31 December 2013, with the exception of financial instruments at fair value through profit or loss and available-for-sale securities, which are shown in the category "Less than 1 month or on demand" based on the fact that the Group's management believes that all of these trading securities could be liquidated within one month in the normal course of business.

| ASSETS | Less than 1 month RUR'000 | 1 to 3 months RUR'000 | 3 to 6 months RUR'000 | 6 months to 1 year RUR'000 | 1 to 3 years RUR'000 | More than 3 years RUR'000 | No maturity RUR'000 | Overdue RUR'000 | Total RUR'000 |
|---|---------------------------------|-----------------------------|-----------------------------|----------------------------------|----------------------------|---------------------------------|------------------------|--------------------|--------------------|
| Cash | 6,267,061 | - | - | - | - | - | - | - | 6,267,061 |
| Due from the Central Bank of the Russian Federation | 5,082,347 | - | - | - | - | - | - | - | 5,082,347 |
| Mandatory cash balances with the Central Bank of the Russian Federation | - | - | - | - | - | - | 1,268,350 | - | 1,268,350 |
| Placements with banks and other financial institutions | 15,640,659 | 2,327,665 | - | 1,636,721 | - | - | - | - | 19,605,045 |
| Financial assets at fair value through profit or loss | 40,627,977 | - | - | - | - | - | - | - | 40,627,977 |
| Amounts receivable under reverse repurchase agreements | 6,440 | - | - | - | - | - | - | - | 6,440 |
| Loans to customers | 7,288,409 | 10,393,723 | 5,671,411 | 7,034,108 | 15,791,544 | 7,196,238 | - | 6,163,774 | 59,539,207 |
| Held-to-maturity investments | - | - | - | - | 1,498,474 | - | - | - | 1,498,474 |
| Available-for-sale securities | 105,076 | - | - | - | - | - | - | - | 105,076 |
| Property, equipment and intangible assets | - | - | - | - | - | - | 4,431,803 | - | 4,431,803 |
| Development property | - | - | - | - | - | 2,650,974 | - | - | 2,650,974 |
| Investment property | - | - | - | - | 1,224,473 | - | - | - | 1,224,473 |
| Goodwill | - | - | - | - | - | - | 252,676 | - | 252,676 |
| Current income tax asset | - | 79,668 | - | - | - | - | - | - | 79,668 |
| Deferred tax asset | - | - | - | - | 1,181,406 | - | - | - | 1,181,406 |
| Other assets | 838,008 | 54,077 | 4,017 | 86,159 | 20,837 | 26,798 | - | - | 1,029,896 |
| Assets of discontinued operations classified as held for sale | 9,665,977 | 1,461,540 | 1,374,833 | 2,241,373 | 3,915,517 | 3,694,522 | 2,017,959 | 2,363,042 | 26,754,763 |
| Total assets | 85,541,954 | 14,316,673 | 7,050,261 | 10,998,361 | 23,632,251 | 13,568,532 | 7,970,788 | 8,526,816 | 171,605,636 |

PROBUSBUSINESSBANK GROUP

NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

| LIABILITIES | Less than 1 month RUR'000 | 1 to 3 months RUR'000 | 3 to 6 months RUR'000 | 6 months to 1 year RUR'000 | 1 to 3 years RUR'000 | More than 3 years RUR'000 | No maturity RUR'000 | Overdue RUR'000 | Total RUR'000 |
|---|---------------------------------|-----------------------------|-----------------------------|----------------------------------|----------------------------|---------------------------------|------------------------|--------------------|--------------------|
| Financial liabilities at fair value through profit or loss | 1,374,568 | - | - | - | - | - | - | - | 1,374,568 |
| Deposits and balances from banks and other financial institutions | 3,530,332 | 2,231,496 | 698,617 | 1,506,828 | 100,386 | 51,400 | - | - | 8,119,059 |
| Amounts payable under repurchase agreements | 1,883,065 | - | - | - | - | - | - | - | 1,883,065 |
| Current accounts and deposits from customers | 32,158,409 | 7,594,563 | 11,679,569 | 22,564,504 | 36,576,051 | 9,126 | - | - | 110,582,224 |
| Debt securities issued | 530,817 | 378,371 | 801,687 | 1,132,013 | 2,664,047 | 54 | - | - | 5,506,989 |
| Other borrowed funds | - | 189,412 | 353,506 | 94,723 | 1,147,821 | - | - | - | 1,785,462 |
| Subordinated debt | - | - | - | 114,552 | - | 2,246,852 | - | - | 2,361,404 |
| Other liabilities | 158,464 | 271,387 | - | 1,419,777 | 5,200 | - | - | - | 1,854,828 |
| Liabilities associated with assets of discontinued operations classified as held for sale | 8,725,405 | 905,482 | 707,417 | 3,274,265 | 7,068,396 | 99,863 | - | - | 20,780,828 |
| Total liabilities | 48,351,060 | 11,570,711 | 14,240,795 | 30,106,662 | 47,551,901 | 2,407,297 | - | - | 154,248,427 |
| Net position as at 31 December 2013 | 37,180,894 | 2,745,962 | (7,190,535) | (19,108,301) | (23,929,650) | 11,161,235 | 7,970,788 | 8,526,816 | 17,357,209 |
| Net position as at 31 December 2012 | 34,361,062 | 9,028,495 | 2,669,832 | (17,098,504) | (40,400,395) | 13,499,937 | 7,802,149 | 5,185,969 | 15,049,545 |

The assets of discontinued operations classified as held for sale and liabilities associated with assets of discontinued operations classified as held for sale presented by their remaining contractual maturity as at 31 December 2013 and 2012. The sale of these assets and liabilities is expected to be completed in 2014 which would affect the timings of respective cash flows. Please see Note 23 for details.

PROBUSBUSINESSBANK GROUP

NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

The following table show assets and liabilities of the Group by their remaining contractual maturity as at 31 December 2012, with the exception of financial instruments at fair value through profit or loss and available-for-sale securities, which are shown in the category "Less than 1 month or on demand" based on the fact that the Group's management believes that all of these trading securities could be liquidated within one month in the normal course of business.

| ASSETS | Less than 1 month RUR'000 | 1 to 3 months RUR'000 | 3 to 6 months RUR'000 | 6 months to 1 year RUR'000 | 1 to 3 years RUR'000 | More than 3 years RUR'000 | No maturity RUR'000 | Overdue RUR'000 | Total RUR'000 |
|---|---------------------------------|-----------------------------|-----------------------------|----------------------------------|----------------------------|---------------------------------|------------------------|--------------------|--------------------|
| Cash | 5,629,192 | - | - | - | - | - | - | - | 5,629,192 |
| Due from the Central Bank of the Russian Federation | 22,096,317 | - | - | - | - | - | - | - | 22,096,317 |
| Mandatory cash balances with the Central Bank of the Russian Federation | - | - | - | - | - | - | 1,489,138 | - | 1,489,138 |
| Placements with banks and other financial institutions | 11,835,213 | 1,218,219 | - | 1,521,338 | - | - | - | - | 14,574,770 |
| Financial assets at fair value through profit or loss | 26,020,250 | - | - | - | - | - | - | - | 26,020,250 |
| Loans to customers | 6,860,360 | 12,969,383 | 7,153,710 | 8,956,313 | 19,620,266 | 8,658,090 | - | 2,948,273 | 67,164,395 |
| Available-for-sale securities | - | - | 101,779 | - | - | - | - | - | 101,779 |
| Property, equipment and intangible assets | - | - | - | - | - | - | 4,197,252 | - | 4,197,252 |
| Development property | - | - | - | - | - | 6,717,863 | - | - | 6,717,863 |
| Investment property | - | - | - | - | 2,648,867 | - | - | - | 2,648,867 |
| Goodwill | - | - | - | - | - | - | 252,676 | - | 252,676 |
| Deferred tax asset | - | - | - | - | 883,937 | - | - | - | 883,937 |
| Other assets | 974,690 | 96,831 | 1,942 | 36,135 | 21,845 | 18,552 | 27,278 | 1,100 | 1,178,173 |
| Assets of discontinued operations classified as held for sale | 7,848,959 | 1,622,398 | 1,790,854 | 3,053,601 | 4,435,372 | 2,886,080 | 1,835,805 | 2,239,596 | 25,712,865 |
| Total assets | 81,254,981 | 15,906,631 | 9,048,265 | 13,567,387 | 27,610,287 | 18,280,585 | 7,802,149 | 5,186,969 | 178,667,274 |

PROBUSBUSINESSBANK GROUP

NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

| LIABILITIES | Less than 1 month RUR'000 | 1 to 3 months RUR'000 | 3 to 6 months RUR'000 | 6 months to 1 year RUR'000 | 1 to 3 years RUR'000 | More than 3 years RUR'000 | No maturity RUR'000 | Overdue RUR'000 | Total RUR'000 |
|---|---------------------------------|-----------------------------|-----------------------------|----------------------------------|----------------------------|---------------------------------|------------------------|--------------------|--------------------|
| Financial liabilities at fair value through profit or loss | 22,106 | - | - | - | - | - | - | - | 22,106 |
| Deposits and balances from banks and other financial institutions | 2,418,287 | 2,106,954 | 615,336 | 1,755,817 | 1,612,027 | 10,000 | - | - | 8,518,421 |
| Amounts payable under repurchase agreements | 3,529,814 | - | - | - | - | - | - | - | 3,529,814 |
| Current accounts and deposits from customers | 29,814,136 | 3,013,782 | 4,192,583 | 22,789,025 | 57,513,913 | 4,146 | - | - | 117,327,584 |
| Debt securities issued | 1,132,000 | 858,629 | 863,531 | 916,706 | 2,211,779 | 1,870,230 | - | - | 7,852,875 |
| Other borrowed funds | - | - | 254,893 | 268,424 | 750,067 | 847,467 | - | - | 2,120,851 |
| Subordinated debt | - | - | - | 244,064 | 106,304 | 1,877,076 | - | - | 2,227,444 |
| Current income tax liability | - | 100,226 | - | - | - | - | - | - | 100,226 |
| Other liabilities | 211,818 | 362,340 | - | 2,223,809 | 6,622 | - | - | - | 2,804,589 |
| Liabilities associated with assets of discontinued operations classified as held for sale | 9,775,758 | 436,205 | 452,110 | 2,468,046 | 5,809,970 | 171,730 | - | - | 19,113,819 |
| Total liabilities | 46,903,919 | 6,878,136 | 6,378,453 | 30,665,891 | 68,010,682 | 4,780,648 | - | - | 163,617,729 |
| Net position as at 31 December 2012 | 34,361,062 | 9,028,495 | 2,669,832 | (17,098,504) | (40,400,395) | 13,499,937 | 7,802,149 | 5,186,969 | 15,049,545 |
| Net position as at 31 December 2011 | 24,541,325 | (1,469,368) | (2,238,484) | (634,451) | (28,262,511) | 9,917,487 | 7,489,437 | 3,117,889 | 12,461,324 |

Due to the fact that substantially all the financial instruments are fixed rated contracts, these remaining contractual maturity dates also represent the contractual interest rate repricing dates.

The amounts in this table represent the carrying amounts of the assets and liabilities as at the reporting date and do not include future interest payments.

PROBUSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013****42. CURRENCY ANALYSIS**

The following table shows the currency structure of assets and liabilities at 31 December 2013.

| | RUR RUR'000 | USD RUR'000 | EUR RUR'000 | Other currencies RUR'000 | Total RUR'000 |
|---|------------------------|------------------------|------------------------|---|--------------------------|
| ASSETS | | | | | |
| Cash | 4,219,633 | 1,043,774 | 996,265 | 7,389 | 6,267,061 |
| Due from the Central Bank of the Russian Federation | 5,082,347 | - | - | - | 5,082,347 |
| Mandatory cash balances with the Central Bank of the Russian Federation | 1,268,350 | - | - | - | 1,268,350 |
| Placements with banks and other financial institutions | 2,842,636 | 12,448,328 | 2,486,393 | 1,827,688 | 19,605,045 |
| Financial assets at fair value through profit or loss | 24,744,492 | 15,872,494 | 10,991 | - | 40,627,977 |
| Amounts receivable under reverse repurchase agreements | 6,440 | - | - | - | 6,440 |
| Loans to customers | 58,717,456 | 782,602 | 39,149 | - | 59,539,207 |
| Held-to-maturity investments | 1,498,474 | - | - | - | 1,498,474 |
| Available-for-sale securities | 105,076 | - | - | - | 105,076 |
| Property, equipment and intangible assets | 4,431,803 | - | - | - | 4,431,803 |
| Development property | 2,650,974 | - | - | - | 2,650,974 |
| Investment property | 1,224,473 | - | - | - | 1,224,473 |
| Goodwill | 252,676 | - | - | - | 252,676 |
| Current income tax asset | 79,668 | - | - | - | 79,668 |
| Deferred tax asset | 1,181,406 | - | - | - | 1,181,406 |
| Other assets | 1,001,946 | 5,026 | 22,601 | 323 | 1,029,896 |
| Assets of discontinued operations classified as held for sale | 25,351,015 | 1,100,821 | 291,483 | 11,444 | 26,754,763 |
| Total assets | 134,658,865 | 31,253,045 | 3,846,882 | 1,846,844 | 171,605,636 |
| LIABILITIES | | | | | |
| Financial liabilities at fair value through profit or loss | 1,371,316 | 3,118 | 134 | - | 1,374,568 |
| Deposits and balances from banks and other financial institutions | 6,209,100 | 1,401,336 | 508,456 | 167 | 8,119,059 |
| Amounts payable under repurchase agreements | 1,216,420 | 666,645 | - | - | 1,883,065 |
| Current accounts and deposits from customers | 93,132,900 | 11,499,256 | 5,939,885 | 10,183 | 110,582,224 |
| Debt securities issued | 2,496,732 | 2,868,504 | 141,753 | - | 5,506,989 |
| Other borrowed funds | - | - | 1,721,530 | 63,932 | 1,785,462 |
| Subordinated debt | 495,840 | 1,865,564 | - | - | 2,361,404 |
| Other liabilities | 1,851,554 | 3,197 | 77 | - | 1,854,828 |
| Liabilities associated with assets of discontinued operations classified as held for sale | 20,000,723 | 450,889 | 327,892 | 1,324 | 20,780,828 |
| Total liabilities | 126,774,585 | 18,758,509 | 8,639,727 | 75,606 | 154,248,427 |
| Net on balance sheet position as at 31 December 2013 | 7,884,280 | 12,494,536 | (4,792,845) | 1,771,238 | 17,357,209 |
| Net off balance sheet position as at 31 December 2013 | 10,406,339 | (13,280,888) | 4,482,227 | (1,607,678) | - |
| Net on and off balance sheet positions as at 31 December 2013 | 18,290,619 | (786,352) | (310,618) | 163,560 | 17,357,209 |
| Net on and off balance sheet positions as at 31 December 2012 | 15,333,802 | (151,904) | (177,378) | 45,025 | 15,049,545 |

PROBUSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

The following table shows the currency structure of assets and liabilities at 31 December 2012.

| | RUR RUR'000 | USD RUR'000 | EUR RUR'000 | Other currencies RUR'000 | Total RUR'000 |
|---|------------------------|------------------------|------------------------|---|--------------------------|
| ASSETS | | | | | |
| Cash | 4,052,652 | 858,114 | 717,781 | 645 | 5,629,192 |
| Due from the Central Bank of the Russian Federation | 22,096,317 | - | - | - | 22,096,317 |
| Mandatory cash balances with the Central Bank of the Russian Federation | 1,489,138 | - | - | - | 1,489,138 |
| Placements with banks and other financial institutions | 1,934,221 | 9,813,192 | 852,441 | 1,974,916 | 14,574,770 |
| Financial assets at fair value through profit or loss | 14,821,021 | 11,198,937 | 292 | - | 26,020,250 |
| Loans to customers | 65,864,513 | 1,143,834 | 156,048 | - | 67,164,395 |
| Available-for-sale securities | 101,779 | - | - | - | 101,779 |
| Property, equipment and intangible assets | 4,197,252 | - | - | - | 4,197,252 |
| Development property | 6,717,863 | - | - | - | 6,717,863 |
| Investment property | 2,648,867 | - | - | - | 2,648,867 |
| Goodwill | 252,676 | - | - | - | 252,676 |
| Deferred tax asset | 883,937 | - | - | - | 883,937 |
| Other assets | 1,122,240 | 34,374 | 21,246 | 313 | 1,178,173 |
| Assets of discontinued operations classified as held for sale | 24,878,405 | 541,505 | 271,695 | 21,060 | 25,712,665 |
| Total assets | 151,060,881 | 23,589,956 | 2,019,503 | 1,996,934 | 178,667,274 |
| LIABILITIES | | | | | |
| Financial liabilities at fair value through profit or loss | 9,629 | 12,101 | 160 | 216 | 22,106 |
| Deposits and balances from banks and other financial institutions | 6,798,980 | 1,099,704 | 619,582 | 155 | 8,518,421 |
| Amounts payable under repurchase agreements | 3,529,814 | - | - | - | 3,529,814 |
| Current accounts and deposits from customers | 98,097,201 | 13,136,125 | 6,090,829 | 3,429 | 117,327,584 |
| Debt securities issued | 5,022,885 | 2,533,944 | 296,045 | - | 7,852,875 |
| Other borrowed funds | 523,315 | - | 1,501,021 | 96,515 | 2,120,851 |
| Subordinated debt | 494,688 | 1,732,756 | - | - | 2,227,444 |
| Current income tax liability | 100,226 | - | - | - | 100,226 |
| Other liabilities | 2,784,614 | 16,321 | 3,654 | - | 2,804,589 |
| Liabilities associated with assets of discontinued operations classified as held for sale | 18,213,969 | 542,603 | 356,134 | 1,113 | 19,113,819 |
| Total liabilities | 135,575,321 | 19,073,554 | 8,867,426 | 101,428 | 163,617,729 |
| Net on balance sheet position as at 31 December 2012 | 15,485,560 | 4,516,402 | (6,847,923) | 1,895,506 | 15,049,545 |
| Net off balance sheet position as at 31 December 2012 | (151,758) | (4,668,306) | 6,670,545 | (1,850,481) | - |
| Net on and off balance sheet positions as at 31 December 2012 | 15,333,802 | (151,904) | (177,378) | 45,025 | 15,049,545 |
| Net on and off balance sheet positions as at 31 December 2011 | 13,309,516 | (696,389) | (143,009) | (8,794) | 12,461,324 |

PROBUSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013****43. GEOGRAPHICAL CONCENTRATION**

The following table shows the geographical concentration of assets and liabilities at 31 December 2013.

| | Russia RUR'000 | Non-OECD countries RUR'000 | OECD countries RUR'000 | 31 December 2013 Total RUR'000 |
|---|--------------------|----------------------------------|------------------------------|---|
| ASSETS | | | | |
| Cash | 6,267,061 | - | - | 6,267,061 |
| Due from the Central Bank of the Russian Federation | 5,082,347 | - | - | 5,082,347 |
| Mandatory cash balances with the Central Bank of the Russian Federation | 1,268,350 | - | - | 1,268,350 |
| Placements with banks and other financial institutions | 13,004,167 | 777 | 6,600,101 | 19,605,045 |
| Financial assets at fair value through profit or loss | 34,568,282 | 1,550,239 | 4,509,456 | 40,627,977 |
| Amounts receivable under reverse repurchase agreements | 6,440 | - | - | 6,440 |
| Loans to customers | 59,539,207 | - | - | 59,539,207 |
| Held-to-maturity investments | 1,498,474 | - | - | 1,498,474 |
| Available-for-sale securities | 105,076 | - | - | 105,076 |
| Property, equipment and intangible assets | 4,431,803 | - | - | 4,431,803 |
| Development property | 2,650,974 | - | - | 2,650,974 |
| Investment property | 1,224,473 | - | - | 1,224,473 |
| Goodwill | 252,676 | - | - | 252,676 |
| Current income tax asset | 79,668 | - | - | 79,668 |
| Deferred tax asset | 1,181,406 | - | - | 1,181,406 |
| Other assets | 1,029,896 | - | - | 1,029,896 |
| Assets of discontinued operations classified as held for sale | 26,754,763 | - | - | 26,754,763 |
| TOTAL | 158,945,063 | 1,551,016 | 11,109,557 | 171,605,636 |
| LIABILITIES | | | | |
| Financial liabilities at fair value through profit or loss | 1,324,225 | - | 50,343 | 1,374,568 |
| Deposits and balances from banks and other financial institutions | 7,616,496 | 104,634 | 397,929 | 8,119,059 |
| Amounts payable under repurchase agreements | 1,883,065 | - | - | 1,883,065 |
| Current accounts and deposits from customers | 110,582,224 | - | - | 110,582,224 |
| Debt securities issued | 3,480,592 | 2,026,397 | - | 5,506,989 |
| Other borrowed funds | - | - | 1,785,462 | 1,785,462 |
| Subordinated debt | 480,728 | 1,880,676 | - | 2,361,404 |
| Other liabilities | 1,854,828 | - | - | 1,854,828 |
| Liabilities associated with assets of discontinued operations classified as held for sale | 18,556,518 | 2,224,310 | - | 20,780,828 |
| TOTAL FINANCIAL LIABILITIES | 145,778,676 | 6,236,017 | 2,233,725 | 154,248,427 |
| OPEN POSITION | 13,166,387 | (4,685,001) | 8,875,832 | |

PROBUSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

The following table shows the geographical concentration of assets and liabilities at 31 December 2012.

| | Russia RUR'000 | Non-OECD countries RUR'000 | OECD countries RUR'000 | 31 December 2012 Total RUR'000 |
|---|---------------------------|---|---------------------------------------|---|
| ASSETS | | | | |
| Cash | 5,629,192 | - | - | 5,629,192 |
| Due from the Central Bank of the Russian Federation | 22,096,317 | - | - | 22,096,317 |
| Mandatory cash balances with the Central Bank of the Russian Federation | 1,489,138 | - | - | 1,489,138 |
| Placements with banks and other financial institutions | 5,181,188 | 1,318 | 9,392,264 | 14,574,770 |
| Financial assets at fair value through profit or loss | 25,385,120 | 183,806 | 451,324 | 26,020,250 |
| Loans to customers | 67,164,395 | - | - | 67,164,395 |
| Available-for-sale securities | 101,779 | - | - | 101,779 |
| Property, equipment and intangible assets | 4,197,252 | - | - | 4,197,252 |
| Development property | 6,717,863 | - | - | 6,717,863 |
| Investment property | 2,648,867 | - | - | 2,648,867 |
| Goodwill | 252,676 | - | - | 252,676 |
| Deferred tax asset | 883,937 | - | - | 883,937 |
| Other assets | 1,178,173 | - | - | 1,178,173 |
| Assets of discontinued operations classified as held for sale | 25,712,665 | - | - | 25,712,665 |
| TOTAL | 168,638,562 | 185,124 | 9,843,588 | 178,667,274 |
| LIABILITIES | | | | |
| Financial liabilities at fair value through profit or loss | 12,198 | 9,908 | - | 22,106 |
| Deposits and balances from banks and other financial institutions | 7,916,184 | - | 602,237 | 8,518,421 |
| Amounts payable under repurchase agreements | 3,529,814 | - | - | 3,529,814 |
| Current accounts and deposits from customers | 117,327,584 | - | - | 117,327,584 |
| Debt securities issued | - | - | - | - |
| Other borrowed funds | 523,315 | - | 1,597,536 | 2,120,851 |
| Subordinated debt | 555,664 | 183,087 | 1,488,693 | 2,227,444 |
| Current income tax liability | 100,226 | - | - | 100,226 |
| Other liabilities | 2,804,589 | - | - | 2,804,589 |
| Liabilities associated with assets of discontinued operations classified as held for sale | 19,113,819 | - | - | 19,113,819 |
| TOTAL FINANCIAL LIABILITIES | 159,736,268 | 192,995 | 3,688,466 | 163,617,729 |
| OPEN POSITION | 8,902,294 | (7,871) | 6,155,122 | |

PROBUSBUSINESSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013****44. EARNINGS PER SHARE**

| Earnings per share | 2013 | 2012 |
|--|--------|--------|
| <i>From continuing and discontinued operations</i> | | |
| Basic and diluted (RUR) | 625.49 | 723.64 |
| <i>From continuing operations</i> | | |
| Basic and diluted (RUR) | 334.61 | 557.05 |

Basic and diluted earnings per share

The calculation of basic earnings per share as at 31 December 2013 is based on the profit attributable to ordinary shareholders of RUR 2,150,662 thousand (31 December 2012: RUR 2,488,112 thousand), and a weighted average number of ordinary shares outstanding of 3,438,329 (2012: 3,438,329) calculated as follows.

| | 2013 RUR'000 | 2012 RUR'000 |
|--|------------------|------------------|
| Profit attributable to: | | |
| Equity holders of the Bank | 2,150,662 | 2,488,112 |
| Non-controlling interest | 50,969 | 19,132 |
| Profit for the year | 2,201,631 | 2,507,244 |
| | 2013 | 2012 |
| Issued ordinary shares at 31 December | 3,438,329 | 3,438,329 |
| Weighted average number of ordinary shares for the year ended 31 December | 3,438,329 | 3,438,329 |